

OIL THEFTS AND PIPELINE VANDALIZATION IN NIGERIA



PATRICK EDOBOR IGBINOVIA

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**OIL THEFTS AND PIPELINE
VANDALIZATION IN NIGERIA**

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DEDICATION

This book is dedicated to the wonderful persons who gave value, worth and meaning to my life: My beautiful wife, Blessing A. Edobor-Igbinovia (JP) and the children: Aisosa, Zeme, Osato and Oyo; and my priceless sister, Mrs. Grace O. E. Ojumu, the first Nigerian Occupational Therapist.

ACKNOWLEDGEMENT

I am profoundly grateful to Shell Petroleum Development Company (SPDC) for their sabbatical appointment and placement as **Senior Security Advisor on Security and Strategy** which made the research for this book possible. I also acknowledge and appreciate TETFUND, University of Benin and its University Research and Publications Committee (URPC) for their support.

I am also immensely grateful to Prof. A.E. Davies, former Head, Department of Political Science, University of Ilorin for reading and making useful suggestions on the manuscript; and to Robert Bing, my colleague and pal at the School of Criminology and Criminal Justice, The Florida State University, Tallahassee, Florida, USA; Chair and Professor, Department of Criminology and Criminal Justice, University of Texas at Arlington, Arlington, Texas, USA; Prof. I.O. Taiwo, Director-General of the Nigerian Institute for Social and Economic Research (NISER), Ibadan, Nigeria, for helping to write the forewords to the book and to Mr. and Mrs. Ikuero Osabuohien Ikponmwosa for making their friendship and home available to me during my research sabbatical with SPDC.

While I am highly indebted to all these persons for their efforts, I am, however, wholly, fully and solely responsible for the contents and views expressed and espoused in this book.

May God bless you all.

PREFACE

Nigeria is the largest oil producer in Africa and the 6th oil-producing country in the world and the eleventh exporter of oil in the world, shipping nearly 3 million barrels a day. The mainstay of the country's economy is oil, contributing about 90% of the nation's foreign exchange earnings, 95% of Nigeria's export earnings and 25% of the Gross Domestic Products; and 65% of its budgetary revenue. Consequently, oil is Nigeria's main source of revenue: it accounts for 80% of its revenue base making it the most important revenue-earner. The Nigerian economy is dependent on the exploitation of oil and the country's future is very much tied to crude oil production.

However, with an estimated population of about 160 million people, Nigeria has been plagued with widespread and unprecedented pipeline vandalization and the closely associated crime of oil theft or bunkering of crude oil incidents which have been taking a heavy toll on the nation's economy, revenue and development efforts. This has made Nigeria the spoilt child and laughing stock of the international community.

To compound the unending, unabating and rising incidence of oil theft and its twin companion of pipeline vandalization, it appears that the menace are exclusive and purely Nigeria phenomena as these forms of crimes hardly occur in other parts of the world. Indeed, Nigeria is the only country in the world experiencing the disgraceful and despicable criminality.

The nefarious criminality are serious crimes under Nigerian and international laws. They pose grave threats to the operations of oil companies, stakeholders, oil-producing companies, the Nigerian economy and the general well-being of Nigerians and the Nigerian nation.

Other serious dimensions to the problem of oil theft and pipeline vandalization in Nigeria are: (a) otherwise legal oil-lifters involvement in illegal oil bunkering; and (b) the involvement of locals aided by corporate oil thieves, politicians, security operatives, etc. in stealing crude oil. For example, it was reported in 2012 that western oil companies lost some \$140 to \$150 billion a year of Nigerian crude oil. Indeed, one third of all Nigerian oil is actually stolen secretly, loaded into tankers after bribes are paid to corrupt government officials, with Nigerian government receiving about \$10 billion a year of the amount while oil companies make \$140 billion a year.

In 2012, the trade in stolen crude oil led to a 17% drop in official sales of oil in April – equivalent to around 400,000 barrels a day. This was a whopping \$1.2 billion (£772 million) lost in a month. In July 2013, Nigeria continued to lose 400,000 barrels of oil, an equivalent of \$7.3 billion daily to oil thieves and illegal bunkering and vandalism. This excludes ₦105 billion loss of refined petroleum products. The total loss amounts to about 17% of Nigeria's daily crude production. Similarly, between January and September 2011 alone (8 months), the Nigerian Government lost over ₦62 billion to various acts of vandalism on pipelines.

This preface sets out to explain the aim of writing the book titled OIL THEFTS AND PIPELINE VANDALIZATION IN NIGERIA. The book provides a scientific appraisal of the phenomena in the country in all its ramifications. The purpose is to fill the knowledge gap on the subject by

presenting a scholarly evaluation of the evolution, etiology, causes, nature, extent, characteristics, legal aspects, trend, rationale and modus operandi of the phenomena in the country. Solutions and strategies to combat the menace were also tendered.

Thus the book consists of eleven chapters and eleven tables. Chapter 1 is the introduction which summarizes the whole and offers conceptual clarifications of key terms employed in the book. Chapter 2 discusses the historical, political and social overview of oil exploration in Nigeria. Chapter 3 does the same for the legal background. Chapter 4 provides a discussion on the oil pipeline industry network overview. Chapter 5 discusses the review of the relevant scientific literature on the subject. Chapter 6 analyzes the incidents, extent and nature of oil thefts and pipeline vandalization in Nigeria. Chapters 7 and 8 widens the focus to look at the consequences, impact, characteristics, and main features of the phenomena. Chapter 9 offers a discussion of the causes and possible explanatory (general and specific) theories of the phenomena. Chapter 10 tenders solutions and recommendations to stem the menace while chapter 11 puts a closure to the overall discussion sketching the summary and conclusion to the subject-matter.

The book represents a pioneer effort both in its direction and focus as no systematic and comprehensive analysis of its kind has ever been undertaken or attempted on the subject in Nigeria. It is hoped that the book would be a useful and authoritative information on the phenomena in Nigeria.

The book has been the most difficult work I have ever written. This has been particularly so because cooperation from oil companies, government officials, agencies and institutions and other stakeholders was not forthcoming. It

was as if the topic or subject was a taboo, state secret and no-go area.

However, I am grateful to Shell Petroleum and Development Company (SPDC) for providing me a sabbatical appointment as Senior Research Advisor on Security and Strategy in 2011 and 2012 which enabled me to write the book. I owe also special thanks to the following SPDC management and security staff for providing me the friendly and conducive atmosphere and environment to work on the book: Nedo Osayande (General Manager, Sustainable Development and Community Relations), E.F. Aganmwonyi (General Manager Security, Shell Companies in Nigeria), Austen Ariodere, Solomon Asen, Haliman Oriabure, Magdalene Okosodo, B.O. Peters, Meni Aiyeakpataku Emuobonuvie, Noble Ejakpovi, Eunice O. Usifo, Erewa E. Johnson and Grace Uduehi; and to Nicholas Ogieva of the University of Benin whose typing skills, graphic talents and eye for details made this book richer.

Several colleagues have patiently read through and clarified my thoughts in various drafts. I am grateful to all of them for their immense inputs, invaluable suggestions and useful contributions which have improved the quality of and enhanced the richness of this book.

By offering this book, it is hoped that it would spark informed debate and decisive action for remediation from all stakeholders to stem the phenomena, which, perhaps, constitutes one of the most divisive, problematic, contentious but important, significant and critical issue in contemporary Nigeria.

I bear full responsibility for any of the book's failings and share whatever credits and strengths it may have with numerous people who helped to bring the book to fruition. If, as you read, you build and have a fuller, better understanding,

comprehension and appreciation of the enormity of the challenges of the menace that oil thefts and pipeline vandalization pose to the Nigerian nation and the urgent need to stem the phenomena, the writing of this book will not only have been worth it but also have lasting value.

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July 3, 2013

FOREWORD (I)

I am delighted to write the foreword to Prof. P. E. Igbinovia's most recent book titled **Oil Thefts and Pipeline Vandalization in Nigeria**.

I have known Prof. Igbinovia as a prolific scholar and serious-minded academic since 1980 when we were both graduate students at the School of Criminology and Criminal Justice at The Florida State University in the United States.

Prof. Igbinovia was both a Nigerian Federal Government scholar and Graduate Research Fellow at the School of Criminology and Criminal Justice where he won many academic laurels. As a student, he even published profusely in many scholarly journal outlets.

I am not, therefore, surprised to see Prof. Igbinovia bring his vast academic prowess and acumen to bear on his current book on **Oil Thefts and Pipeline Vandalization in Nigeria**.

The book is a serious work on the subject. It is very timely, as Nigeria is currently trying to battle with the oil thefts scourge that have cost the country, by many accounts, over \$100 billion in the past decade. One can argue that the menace, described by Prof. Igbinovia, has also become part of Nigerian national malaise that is at once intractable and uncontrollable. Prof. Igbinovia seeks to find lasting solutions to the problem which has indeed stymied Nigerian national development and provoked other catastrophes.

In this most onerous and other respects, I find Prof. Igbinovia's book very essential, germane, phenomenal, topical and important.

The book is written in an easy to read style to convey the author's views and message. The book also contains information designed to enhance the readers' understanding of the challenges of and the solutions to **Oil Thefts and Pipeline Vandalization in Nigeria**. The book is fecund, robust, lucid, easy-to-read, well-written, superb and quite involving. It is an essential reading: a book for everyone and anyone interested in the subject or topic.

Prof. Igbinovia's book makes a substantial academic contribution to our knowledge on the subject matter for further research by social scientists and scholars, legal practitioners, law enforcement professionals, criminal justicians, corporate officials and other interested groups and stakeholders.

I wholeheartedly recommend the book to all and sundry. We would all find the book very interesting, useful, well-articulated and thought-provoking as I have profoundly found it. If it was otherwise, I would have said so.

Robert L. Bing III, Ph.D.

Professor Robert Bing holds a PhD in Criminology from Florida State University and an undergraduate degree in Sociology from the College of the Holy Cross, Worcester, Massachusetts, USA.

He is former and First Chair of the Department of Criminology and Criminal Justice, University of Texas at Arlington, where he served for twelve years. His research interest includes crime and public policy, and

criminal justice education. Prior to pursuing an academic career in criminal justice, Professor Bing had served as Assistant Superintendent of Hillsborough House, a residential treatment facility for delinquent boys in Tampa Florida.

Professor Bing believes that theory and practice are fundamentally related: “you cannot have good practice, without sound theory,” he says.

Professor Bing has written numerous refereed articles and or book chapters; authored technical reports for federal and state agencies, co-edited books and recently authored and edited “*Race, Crime and the Media*” (McGraw-Hill). He has also been the recipient of state and federal grants and numerous awards.

Professor Bing is an active member of the American Society of Criminology, the Academy of Criminal Justice Sciences, the Southern Criminal Justice Association, and the Southwest Association of Criminal Justice, where he served as President of the Texas chapter. He is a recent recipient of the Becky Tatum Excellence Award of the Academy of Criminal Justice Sciences, USA.

August 11, 2013

FOREWORD (II)

It is with great pleasure that I write the foreword to Professor P. E. Igbinovia's book entitled **Oil Thefts and Pipeline Vandalization in Nigeria**. I have known Professor Igbinovia as a senior colleague since 1985 when he was Sub-Dean of the Faculty of Business and Social Sciences and Reader in Criminology in the Department of Sociology and Social Administration at the University of Ilorin, Ilorin, Nigeria. I know him as a serious-minded person, a versatile scholar, a prolific writer, an altruist, an active sportsman and someone who abhors injustice. It is no surprise to see Professor Igbinovia bring his nature and vast academic prowess to bear on this book with éclat.

As a scholar and an altruist, Professor Igbinovia has written a book that addresses public interest. The book is the first on the subject in Nigeria that I am aware of. The book focuses on some key leakages, on the revenue side, in the country's public finances. Specifically, the book focuses on leakages in oil revenue through thefts and vandalization.

It is common knowledge that oil revenue accounts for an overwhelming share of public revenue in Nigeria and that shocks to oil revenue tend to have significant ramifications on national planning, public sector budgets, public sector interventions in the markets and ultimately the country's socio-economic performance. The book is very relevant as Nigeria is currently trying to address a lingering menace which has remained a threat to national security and development. The menace has also become a source of national shame and embarrassment, with hardly any respite in sight. It is in this

most important regard that we find Professor Igbinovia's book very timely and germane.

In terms of detail, this book assesses the nature and magnitude of oil thefts and vandalization in Nigeria; examines the underlying causes, including the author's Perpetuity Theory of Crime (PTC); and proffers far-reaching strategies for resolving the challenges.

The book is written in a very serious but lucid style to convey the author's views and message and contains very substantial information deployed to enhance readers' understanding of the challenges associated with and solutions to oil thefts and pipeline vandalism in Nigeria. If the author's prescriptions and recommendations are adopted and implemented, they should go a long way to help resolve the hitherto intractable challenges.

I am sure the book will be of great value to political scientists, sociologists, criminologists, business administrators, economists, financial experts, bankers, management and policy analysts, diplomats, legal practitioners, law enforcement agents and allied professionals. It will also be a useful companion for those in government, multinational corporations, and other stakeholders in Nigeria and elsewhere.

On all counts, therefore, I wholeheartedly recommend this important and timely book to all and sundry. It is a must read now and also promises to be a great archival material.

Olufemi Taiwo, Ph.D. (London)

Professor of Economics and

Director-General, Nigerian Institute of Social and Economic Research (NISER), Ibadan, Nigeria

August 8, 2013

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CHAPTER ONE

OIL THEFTS AND PIPELINE VANDALIZATION IN NIGERIA

For the love of money is a root of all kinds
of evil.

(1 Timothy 6:10)

West Africa has everything that criminals
need: resources, a strategic location, a weak
governance and an endless source of foot
soldiers who see few viable alternatives to a
life of crime.

*(Antonio Maria Costa, Executive
Director of UNODC)*

Vandalisation of oil and gas pipeline
facilities remains the single most critical
challenge facing our industry.

*(Dr. M.S. Barkindo (2010), NNPC
General Managing Director)*

This criminal activity (illegal oil bunkering)
not only puts the lives of the perpetrators
and the public at risk but causes severe
environmental impact and impacts the
communities in the area. It also wastes
badly needed revenue to finance

development even in the areas in which the activities are taking place.

(Tony Attah (2011), SPDC Vice President, HSE and Corporate Affairs)

Illegal oil activities taking place and oil being fritted away portends great danger and serious threat to the country's national security. And, the fact that oil is being fritted away and the government appears helpless is a threat to our national existence.

(Samson Osagie (2011), Minority Whip, House of Representatives)

...stolen crude should be treated like stolen diamonds because they both generate blood money. Like what is now known as 'blood diamonds', stolen crude also aids corruption and violence and can provoke war.

(President Umaru Musa Yar'Adua, July 2008)

'Nigeria loses 180,000 barrels of oil per day (bopd) to crude thieves, which translate to \$7 billion annually... About \$5 billion was spent in the last one year on pipeline repairs while the amount lost to crude theft was valued at \$7 billion... the level of oil theft in the country has become alarming... It will be very productive if we open up discussion to provide a solution to the situation we have found ourselves...

(We need) to evolve a short, medium and long term solutions to tackling the issue of oil theft.

(Mrs. Diezani Alison-Madueke, May 18, 2012)

We know the impact of bunkering and crude oil theft on our economy and our environment. These are vices that we must collectively stamp out of our nation. We cannot claim that we are helpless.

(Andrew Yakubu, August, 2012:48)

Frightening dimension of insecurity today is the increasing phenomenon of crude oil theft... about 50% of Nigeria's total production is pilfered.

(The Academic Staff Union of Universities, August 13, 2012)

The once beauteous mangroves in the creeks of the Niger Delta region are fast becoming extinct. The trees and vegetation along the waterways of the naturally endowed region are withering at an alarming rate. Even the rhapsodies of flapping birds are fast disappearing from the skies. No thanks to bunkering and refining of crude oil.

(Mike Odiegwu, May 20, 2012)

INTRODUCTION

Some of the greatest and serious crime problems facing the Nigerian nation for sometime now, perhaps, are the monumental and unprecedented incidents of oil thefts or oil bunkering and the related criminality of pipeline vandalization or sabotage. There is unprecedented upsurge of illegal oil bunkering activities within the Nigerian coastal region with the country losing up to **“about 150,000 to 200,000 barrels of crude oil per day to theft”**, according to a Niger Delta law-maker in the Nigerian National Assembly, Mr. Daniel Reyenieju (1/11/2011).

The problems are so fundamental that they affect every facet of Nigerian national life. This is particularly so because oil is the live wire of the Nigerian state and economy. Indeed, oil is the mainstay of the Nigerian economy and the country relies heavily on revenue from crude. For example, oil provides 20% of the country's GDP and 65% of its budgetary revenue (CIA, 2007). Today, revenue from oil accounts for 95% of Nigeria's export earnings and 90% of foreign exchange earnings (O'Neil, 2009; Evoh, 2009). From 1956 to 2006, Nigeria earned 400 billion USD as revenue from the 27 billion barrels of oil produced in the country (*Daily Trust*, 6/11/2006). Consequently, oil is the country's main source of revenue; it accounts for over 80% of the country's revenue base making it the most important revenue-earner for Nigeria and placing Nigeria as Africa's leading oil producer, the 6th oil-producing in the world and the 11th exporter of oil in the world. Table 1 represents crude oil production and revenues in Nigeria from 1958 to 2011.

Table 1: Crude Oil Production and Revenue in Nigeria (1958 – 2011)

Year	Prod (M ba)	R(N)	Dertn(N)
1958	2	0.2M	50% (0.1M)
1959	4	3.4M	50% (1.7M)
1960	6	2.4M	50% (1.2M)
1961	17	17M	50% (8.5M)
1962	25	17M	50% (8.5M)
1963	28	10M	50% (5.0M)
1964	44	16M	50% (8.0M)
1965	99	29M	50% (14.5M)
1966	152	45M	50% (22.5M)
1967	117	30M	50% (15.0M)
1968	52	-	-
1969	196	75.4M	-
1970	396	167M	-
1971	559	510M	-
1972	655	764M	-
1973	719	1.016B	-
1974	823	3.724B	-
1975	660	4.272B	-
1976	758	5.365B	-
1977	766	6.081B	-
1978	696	4.556B	-
1979	846	8.881B	-
1980	760	12.354B	-
1981	526	8.564B	-
1982	471	7.815B	1.5% (117.9M)
1983	451	7.253B	1.5% (108.795M)
1984	508	8.264B	1.5% (123.96M)
1985	547	10.915B	1.5% (163.725M)
1986	536	8.107B	1.5% (121.60M)

Oil Thefts and Pipeline Vandalization in Nigeria

1987	483	19.027B	1.5% (285.05M)
1988	529	20.934B	1.5% (314.01M)
1989	628	39.131B	1.5% (586.96M)
1990	661	55.216B	1.5% (828.24M)
1991	689	60.314B	1.5% (904.71M)
1992	711	115.392B	3% (3.462B)
1993	695	106.192B	3% (3.204B)
1994	692	160.192B	3% (4.830B)
1995	715	324.548B	3% (9.736B)
1996	682	369.190B	3% (11.0758B)
1997	855	416.811B	3% (12.504B)
1998	806	289.532B	3% (8.686B)
1999	775	500.0B	13%-June (32.5B)
2000	828	1.34T	13% (174.2B)
2001	860	1.7076T	13% (221.91B)
2002	726	1.2309T	13% (160.017B)
2003	844	2.0743T	13% (269.659B)
2004	900	3.3548T	13% (436.124B)
2005	923	4.7624T	13% (619.112B)
2006	814	6.109T	13% (794.17B)
2007	880	6.70T	13% (871B)
2008		3.96T	13% (514.8B)
2009		2.22544T	13% (289.307B)
2010		9.15T	13% (1414.91B)
2011		5.561T	13% (722.9B)
Total		50.696T	6.577T

Source: *Vanguard* (2012:11). March 31.

Indeed, since Nigeria started generating revenue from crude oil in 1958, the country has earned about ₦50.696 trillion or ₦1 trillion a year, according to a *Vanguard* report. Of this

sum, which accounts for about 80% of the country's federal revenue, between 1958 and 2007 (CBN Annual Report and Statement of Account, 2008), Nigeria earned ₦29.8 trillion from petroleum resources; and between 2008 and 2011, the country generated ₦20.895 trillion (Total 1958 – 2011 = ₦50.696 trillion) (Oily Death, 2012:10).

Nigerian economy relies almost solely and heavily on oil revenue but unfortunately, oil theft/bunkering and pipeline vandalization, impact negatively on every facet of the country's national development. Without oil, the country as we know it today, would, perhaps, cease to exist or would be mired in abject poverty, underdevelopment and non-development with attendant social, politico-economic consequences and implications. Indeed, without oil revenue, national prosperity is deferred or stunted; and the national economy cannot develop and keep pace with those of countries in the developed world particularly if the nefarious crimes of oil thefts and pipeline vandalization are not stemmed. For example, in commenting on the serious adverse effects of the oil bunkering phenomenon recently, a commentator wrote:

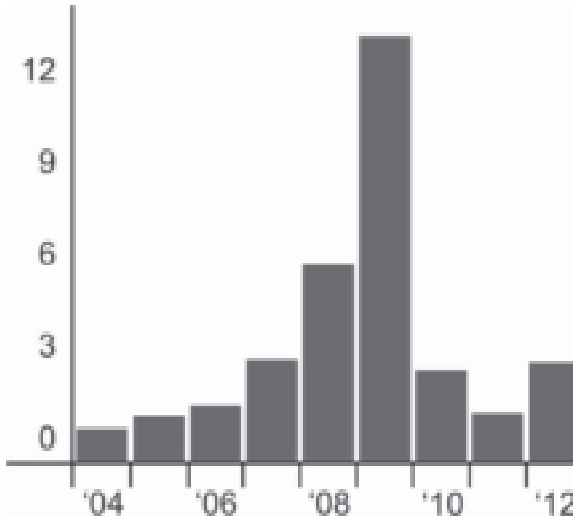
Stealing has become a major hobby and pastime for Nigerians in high places. It has even become a big time business. All arms of government are affected. Even the private sector is not spared... Nigeria's finances are milked, pillaged and bled everyday... The greatest form of stealing is the one going on in the Niger Delta... Painfully... Shell declared force majeure on its Bonny Light crude oil loadings for June, July (2011) due to production cutbacks caused by leaks and fires on its Trans-

Nigeria Pipeline (TNP). Shell said the leaks — caused by saboteurs... The leaks and fires show a worrying trend not only on the TNP but also on our facilities elsewhere. Sadly, the trend is continuing unabated... At the end of April, we recorded more than 35 sabotage spills. SPDC is continuing to upgrade facilities... but no matter how much we improve our performance, until the activities of oil thieves and illegal refiners are brought to amend, the vast majority of oil spills in the Niger Delta will continue... Crude oil theft, known as illegal bunkering, is rampant in the Niger Delta with some estimates putting the amount stolen as high as 100,000 barrels per day (bpd), much of it smuggled inside otherwise legitimate shipments. Nigeria is thus losing 100,000 barrels of crude per day. In a year, the country loses 36.5 million barrels of crude oil to this category of thieves... The international oil companies themselves do not disclose the actual amount of crude they produce. It is also estimated that another 100,000 barrels per day is (sic) lost by the nation to this class of international thefts in the oil industry. This means that on the average, the nation loses 73 million barrels per annum to crude oil theft. In real terms, 73 million barrels at today's market price is about \$8.17 billion. In Naira terms, Nigeria loses ₦1.22 trillion to oil thieves in a year (Omoh, 2011:35-36).

Another report indicates that Nigeria loses over ₦9.6 billion as a result of the activities of sea pirates and over ₦2 trillion annually in capital flight (Abuja, 2012:40).

Similarly, Shell reported in 2012 that between 150,000 and 180,000 barrels of oil are stolen from its pipelines and well each month (see Table 2).

Table 2: Crude Theft: Shell's oil spills related to sabotage or theft, in thousands of metric tons



Notes: For amounts greater than 100 kilograms; since 2007 all the sabotage and theft-related spills have occurred in Nigeria.

Source: Shell (2013:5). *The Nation*. April 16.

Government estimate even put the number of stolen oil as high as twice this amount (Criminal Gangs, 2012). Indeed, on June 29, 2012, the Nigerian Chief of Defence Staff, Air Vice Marshall Oluseyi Petirin disclosed to the House of Representatives Committee investigating the upsurge in illegal oil bunkering in Nigeria that the country was losing about three million barrels of crude oil to thieves monthly. He stated further that the figure used to be as high as 90 million barrels monthly prior to the intervention of the Defence Headquarters (Nigeria Loses, 2012).

Arguing along the same line, the Editorial opinion of the *Daily Sun* of May 21, 2012 at pages 1 and 15 posited:

Years of lax supervision, in both land and sea, security lapses and complicity, have prepared fertile grounds for illegal refineries in the Niger Delta. And now, the result is telling on the economy...

The negative consequences of the operation of these illegal refineries and its impact, according to the Finance Minister, is a matter of grave concern. She said the oil thieves in the Niger Delta are currently fleecing the country of over 17 percent of daily crude production. This represents about 408,000 barrels out of OPEC's approved 2.5 million daily target for this year.

This means that Nigeria is losing on a daily basis at least \$40 million to oil bunkerers. These oil thefts, the Finance Minister lamented, may undermine government's

projected 2.6 million barrel per day (BPD) which is the benchmark for next year's budget.

The fear which the activities of oil thieves on the economy, the finance minister added, is a great challenge to government as the daily crude production is declining fast with its corresponding reduction in national revenue earnings. Revenue from oil of course, constitutes about 90 percent of government total revenue projection...

Furthermore, the illegal operation of oil bunkerers is beginning to impact negatively on the nation's external reserves, which in recent months have witnessed a steep decline.

Though the Finance Minister insists that the economy is in fine fettle, far from any serious threat, economy watchers maintain that since Nigeria depends on oil as its main revenue resource, and with the current fluctuation in the international oil market, failure to rein in on these oil thieves might, at least, in the long-run, put the economy in a cliff-hanger...

Clearly, the existence of these illegal refineries and the successful operation of oil thieves until now, underline the haemorrhage that has long bedeviled the nation's oil sector and the huge financial loss to the economy...

Without a doubt, the existence of illegal refineries and the operation of oil bunkerers is an economic sabotage that seriously threatens the economy. These illegal activities, industry analysts say should be a matter of great concern to government because of the current decline of Nigeria's condensate reserve by an average of 1.44 million per day...

The amount lost in the illegal operations, including the crude exported illegally by bunkerers, could have gone a long way to shoring up government finances that could help improve our decayed infrastructure... That makes Nigeria's oil bunkering record one of the worst in the world. (Huge Loss, 2012:1,15).

While still pursuing the same theme on May 28, 2012, the same newspaper said:

Some disquiet has gripped the Nigerian oil sector following recent disturbing reports of the discovery of over 400 illegal refineries across the Niger Delta region. This has resulted in a huge loss of (millions) Metric tones of crude daily to oil thieves...

The Minister of Finance and Co-ordinating minister for the economy, Dr. Ngozi Okonjo-Iweala, the Nigeria National Petroleum Corporation (NNPC)

and the chairman of the National Task Force on petroleum Revenue, Mallam Nuhu Ribadu, all corroborated the same worry over the high incidence of oil theft and illegal refineries in the Niger Delta and its negative impact on the economy...

This illegal operation of refineries is disturbing. In the main, it is a measure of the lawlessness that currently exists in the country, especially in the Niger Delta region. The sheer number of the illegal refineries and the free reign which the bunkerers have had over the years make the development very disheartening. It is, indeed, a paradox that while government is still struggling to fix our refineries, criminals are building illegal refineries with ease and raking in huge illicit revenue from sale of oil within and outside the country. (Oil Theft, 2012:18).

Nigerian Finance Minister, Ngozi Okonjo-Iweala told the London *Financial Times* in June 2012 that the trade in stolen crude had led to a 17% drop in official sales of oil in April — equivalent to around 400,000 barrels a day. This is a whopping \$1.2 billion (£772m) lost in a month. This includes oil that was not stolen but stayed underground as a result of shut downs due to break-ins. Shell puts this figure for the entire Niger Delta at around 150,000 barrels per day. This huge discrepancy is a sign of how difficult it is to get the facts in the murky world of Nigerian oil (Ross, 2012). In sum, crude oil theft is a huge

problem in Nigeria and it is only getting worse. A further elucidation is in order.

In July 2013, the Nigerian Government said that 400,000 barrels of oil, an equivalent of ₦7.3 million, is lost daily to oil thieves in the country (Europe, 2013:1). Echoing this fact, the Nigerian Minister of Finance and Coordinating Minister for the Economy, Ngozi Okonjo-Iweala, confessed:

We are losing revenue; 400,000 barrels of crude oil are lost on a daily basis due to illegal bunkering, vandalism and production shut-in ... I have to clarify that it is not as if the entire 400,000 barrels is stolen. What happens is that whenever the pipelines are attacked and oil is taken, there is a total shutdown. All the quantity of oil produced for that day will be lost because it means government cannot sell it and it means drop in revenue. (Crude Theft: 2013:19).

According to the editorial in *The Nation* on the issue, the matter not only “smack of gross irresponsibility on the government’s part”, it is also “absolute dereliction of duties by the government”. (Crude Theft, 2013:19). In commenting on this development, an informed observer said “this supposedly arm-wringing confession” is a “prostrate admittance of failure”. He went farther to state:

Government’s admittance that it does not know how to protect the country’s most important asset is to admit that it is no longer fit to run the economy and manage

the country. They are simply admitting that the so-called oil thefts have out-smarted and grown bigger than the government, the entire military and security agencies of state; the simple import of Okonjo-Iweala's outcry is that our sovereign state is in retreat if not surrender... If they do not have any shame up there, we are still quite bashful down here. It will actually require an invisible submarine to steal this quantum of oil daily; and they forget that this is not the only oil producing country in the world (Oil Theft: Weird, 2013:64).

Underscoring the point on the alarming scale of theft of Nigeria's oil and the country's inability and helplessness to do anything about it, a July 29, 2013 opinion piece stated:

The communique issued at the end of the ACP-EU parley reflected the seriousness attached to this issue by the organisation. It reads in part: "Members expressed concern at the high rates of oil theft, wastage and illegal bunkering which lead to substantial revenue losses and degradation. Members called on the Nigerian government to put in place appropriate mechanisms and measures to light this organised syndicate". To tackle this challenge, Rivers disclosed that it was decided that the European Parliament take steps to stop the purchase in Europe of oil stolen from Nigeria. Consequently, any

crude oil for sale in the European market must now be accompanied with a certificate of origin.

Explaining the rationale for this decision, Rivers said “We want to ban Euro-pean refineries from buying uncertificated Nigerian oil; 400,000 barrels of oil a day is a huge loss. We need to get traceability of oil to avoid theft. The oil companies are involved in this and everybody is making big money. The bunkering tankers are better equipped than the Nigerian Navy. This is a huge international organised crime. We did it with diamond; we can do it with oil”. It is most unfortunate that Nigeria has become the spoilt child of the international community, passing unto others a responsibility that ought to be its. ... It would appear that the outside world loves us more than we love ourselves. For, ordinarily, it should be no business of theirs if we do not have the good sense to effectively protect a commodity that is the lifeline of the country’s economy. If the oil is prevented from being stolen in the first place, the issue of its being bought would not arise. ... The Federal Government should act decisively to check this menace. A state that cannot protect the commodity on which its existence substantially depends cannot but be a laughing stock. (Inexplicable, 2013:19).

Similarly, the allied crime of oil pipeline sabotage and vandalization has also being for a long time too a great source of worry and concern for the Nigerian Government, oil companies and other domestic and international stakeholders. For example, the Managing Director of the Pipelines and Products Marketing Commission (PPMC), Mr. Haruna noted recently that cases of wilful vandalization of petroleum products pipelines and allied facilities had gone up by more than 800% in 2011 as opposed to what was obtainable in the preceding decade. The resultant effect, he opined, was that the smooth operations of the company (pumping petroleum products to end-users) was hampered, just as addition funds were pumped into the repairs of the vandalized facilities (Omoh, 2011:35).

Furthermore, (between January and September) in 2011 alone, Nigerian government had lost over ₦62 billion due to various acts of vandalization on pipelines conveying both crude oil and petroleum products within the country. Buttressing all these points, Mr. Omoh, said:

The Federal Government lost over ₦62 billion between January and September 2011 (about eight months) due to various acts of vandalization on pipelines conveying both crude oil and petroleum products. Indeed, vandalization is an act of sabotage that should be condemned by all. Sadly, the trend has being on an increase in the last ten years.

In terms of data, in the late 90s and early part of this decade, our average reported cases of vandalization of our pipelines was

in the region of about 450 yearly. But it will interest you to note that at the end of 2010, we had 5,853 cases of acts of willful damage to our pipelines. And I want to also state that between January and September, this year (2011), we have lost a total of about ₦62 billion in terms of the volume of crude oil and petroleum products due to acts of vandalization... it should also worry any stakeholder... that we dissipate so much time fixing vandalized pipelines, and the perpetrators of these acts are Nigerians. Certainly, this type of situation will hamper a lot of things in our operations. We want to get to consumers; we want to give quality services; we want to be more efficient; we want to expand and grow. And the truth is that the less our pipelines are vandalized the more efficient we will be in service delivered to end-users.

The appeal is that we must collectively protect our assets, especially in the oil and gas industry. Communities must assist in the policing of these assets because no matter what the PPMC does, even the government, we will need the host communities to cooperate with us to guarantee the safety of these facilities. We all have to come together to find a lasting solution to this issue (Omoh, 2011:35-36).

Another reason why the phenomena are worthy of research study is the fact that the crimes of oil theft and its twin companion of pipeline vandalization appear to be exclusively a Nigerian phenomena. These forms of crimes hardly occur in other parts of the world. Although there have been terrorist attacks or attempted attacks over the years in Colombia, Pakistan, Sudan, Myanmar and Iraq, none of these have involved or resulted in oil theft (Pipeline Security, 2004: CRS 4-5).

Furthermore, while it is known that the crime of **“Tea Party vandalism”** recently took place in the United States, it does not assume the level of seriousness or magnitude or gravity as it does in Nigeria. The situation in the United States is petty larceny or rascality while that in Nigeria is grand larceny or sabotage of international proportions but with both domestic and transnational dimensions and component, players or actors and participants. For instance, politically motivated severing of a gasline at the home of a United States representative Tom Perriello’s brother at his Charlottesville home on 23rd May, 2011 followed the posting of his address by Tea Party activists who were upset with the Virginia Democratic Congressman’s vote in favour of the health care reform thinking it was the Congressman’s home (Tom Perriello, 2011: Post 24/5/2011).

Consequently, oil theft and pipeline vandalization are Nigerian monopolies. Indeed, it appears that Nigeria, in large measure, seem to have a patent on the crime: the problem is a particularistic Nigerian phenomena rather than a general global problem. It is particularly noteworthy that although nearly half a million miles of oil and gas transmission pipelines crisscross the United States (Pipeline Security, 2004: CRS 4-5), incidents of oil theft and pipeline vandalization are virtually non-existent. Similarly, of all the nations in

OPEC, only Nigeria appears to be plagued by the nefarious criminality.

Another serious dimension to the oil theft problem in Nigeria has been introduced and articulated by Davis, Kemedi and Drennan. They wrote:

Illegal oil bunkering is not always totally unrelated to the daily process of lifting legally bunkered oil. There is a strong suggestion that some of the legally approved oil lifters are also involved in illegal oil bunkering. It has long been suspected that legally approved oil lifters take more than their official allocation via a corrupt process that can 'carry along' regulators. By this means they are able to lift beyond the approved quantity allocated to them. In 2003 a motion sponsored by the Chairman of the House Committee on Petroleum, Hon. Halims Agoda and eight other members, noted that the Federal Government of Nigeria may be losing over N(naira)100 billion (US\$770 million) annually to large-scale fraud and illegal bunkering by oil servicing companies. This is an aspect of illegal oil bunkering that is often ignored by policy makers and analysts who most often concentrate on that aspect of illegal oil bunkering that features the use of small vessels to transport oil from vandalized facilities. However, the form of illegal oil bunkering referred to in the Members' motion put before the House

accounts for a significant percentage of the losses the country suffers through this illicit activity. (2006:3).

Furthermore, an observer recently also reported that western oil companies loot some \$140 to \$150 billion a year of Nigerian crude oil. He estimates that one third of all Nigerian oil is actually “stolen”, secretly loaded onto tankers after bribes are paid to corrupt government officials, with Nigerian government receiving about \$10 billion a year of the amount while oil companies make \$140 billion a year! (Ogbonmwan, 2012).

To further compound the problem, all over the Niger Delta, people are “cooking” oil in what one writer aptly described as “crude cooking of crude”. In this situation, the locals are aided by corporate oil thieves, politicians and security operatives who benefit from the conspiracy (Odiegwu, 2012).

In commenting on these situations recently, the American Ambassador to Nigeria, sent this damning message to his home country:

Nigerian officials repeatedly request U.S. assistance to prevent bunkering. The reality, however, is that most oil bunkering is not a global phenomenon readily susceptible to international deterrence, but a largely Nigerian development that requires domestic resolution. No other major oil-producing country, to our knowledge, loses as much revenue from illicit bunkering as Nigeria, largely because the political elite, militants, and communities profit from such operations. Tackling this problem will

require resolute political will from many sectors of Nigerian society (Fundamentals, 2011:43).

In April 2013, the Nigerian President, Goodluck Jonathan, also noted:

It is only in Nigeria that people go to all length to steal crude oil and its by-products through breaking pipelines and other associated means of oil bunkering. And most times, these illegal activities lead to huge economic waste, environmental degradation and loss of lives within minutes. This administration is out to stop this and we are going to take decisive steps to make this evil which is becoming a habit, a thing of the past. (Shell, 2013:5).

While the acts of oil theft and pipeline vandalism appear to be mostly restricted to the Nigerian clime or shores, the perpetration of the crime, the theft, sale, distribution, acquisition and bunkering of the stolen oil or the sabotage of the oil pipelines have multinational/transnational/international dimensions and involvement. Without the participation and the sale of the product to international actors in the international market, the incidents of oil theft/oil bunkering/pipeline vandalism to acquire illegal oil would diminish radically or would have been at about the same level with the situation in other OPEC nations where such crimes are rarely in existence.

The pipeline vandalism and oil bunkering phenomena are, therefore, major crime problems in Nigeria: Indeed, they

are, under Nigerian and international laws serious felonious criminality with social, political, environmental, economic and legal implications and consequences. The enormity of the problem was underscored recently when a commentator wrote:

That crude oil wealth is the mainstay of Nigeria's economy is not in doubt. The petroleum sector is said to be accounting for about 90% of the nation's overall revenue in a typical fiscal year. However, crude oil theft, which is certainly not a new phenomenon in the nation's system over time, is fast assuming a detrimental dimension and posing a real threat to the socio-economic well-being of Nigerians in recent years.

Besides instigating needless, massive environmental disasters in the immediate and remote areas in which their dastardly acts are perpetrated in renewed attacks on oil installations across the country, these oil thieves otherwise known as "bunkerers" in local parlance, have continued to pillage Nigerians' common-wealth while inflicting much bleeding on the nation's expected oil wealth on a daily basis. Unfortunately, the nation reportedly loses about ₦921 billion to oil thievery annually, which is purely economic sabotage.

Recent aerial images this writer gleaned from a foreign news medium showed illegal oil refineries in their thousands that dot the Niger Delta region. These avenues where stolen crude oil being ferried across the waterways in barges, canoes and vessels is illegitimately refined locally are quite shocking to a curious observer.

One of them, a view of an illegal oil refinery in Ogoniland outside Port Harcourt, Rivers State, on *Reuters*, illustrates what the organisation aptly described as a practice that has been “a fact of life for years in Africa’s biggest oil and gas industry, puncturing pipelines and costing Nigeria and foreign oil firms millions of dollars in lost revenues each year.”

In addition to losing millions of Naira to these oil bunkerers daily, the rising homicidal smoke from these illegal oil refineries has serious health implications for the people living within the axis of the unlawful, home-built refineries. That is not to mention pollution and consequent destruction of arable land, fishing waters with natural aquatic splendour and outright fire outbreaks in the course of the widespread illegal oil bunkering activities in the region.

In spite of the reportedly successful amnesty granted to the predominantly hitherto militant Niger Delta youths, though with pockets of dissident voices still lurking in the trenches, the gains of the improved average of 2.4 million barrels of crude per day which the nation apparently produces are being pooh-poohed by the harmful activities of the oil thieves.

Even with the rising world oil prices which ...in a way, have further emboldened these economic saboteurs to continue to break into oil pipelines. Refined oil theft is equally not abating, as others sets of illegal bunkerers relentless strive to... oil pipelines' right of way... to commit their criminality... (Increasing Oil, 2012:18).

It is very clear, therefore, that illegal oil thefts and vandalism of crude oil and petroleum products pipelines pose serious threats to the operations of oil companies, stakeholders, oil-producing communities, oil companies, multi-national companies, the Nigerian economy and the general well-being of the Nigerian nation as a whole. It behoves us, therefore, to study the phenomena in all its ramifications.

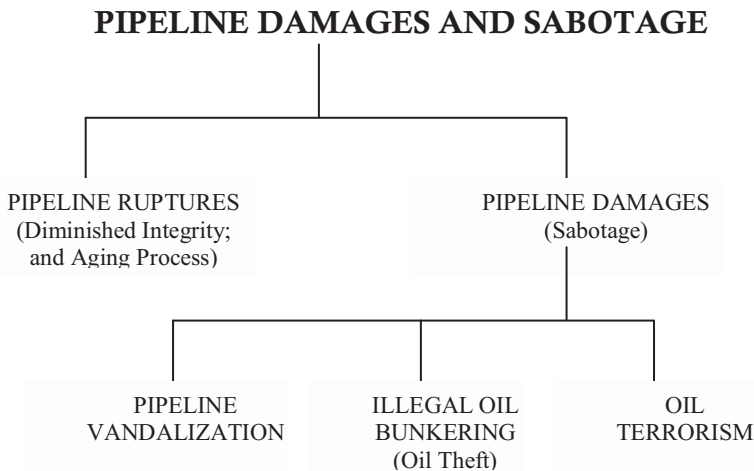
The purpose of this study, therefore, is to help fill the knowledge gap by presenting a scientific evaluation of the evolution, etiology, causes, nature, extent, characteristics, legal aspects, trend, rationale and modus operandi of the phenomena in Nigeria. Solutions to combat and stem the phenomena are also tendered. Data are marshalled in an eclectic manner to provide what is hoped would be useful and

authoritative information on bunkering oil and pipeline vandalization in Nigeria.

In many ways, this study represents a pioneer efforts both in its direction and focus. No systematic and comprehensive analysis of its kind has ever been attempted or undertaken on the subject in Nigeria.

As can be inferred from the foregoing discussion, events in the past couple of years in Nigeria indicate that oil pipelines have been seriously compromised by vandals who tap into them to steal oil or illegally bunker crude oil. Note must be made, therefore, that this essay is mainly concerned with assessing the twin phenomena of pipeline vandalization and the resultant phenomenon of illegal oil bunkering via pipeline damages through sabotage in Nigeria. The emphasis of the paper is on pipeline damages but not on pipeline ruptures and its consequences in the country, as graphically presented below:

Table 3: Pipeline Damages and Sabotage



With the partially successfully negotiated armistice and resultant amnesty by the Nigerian government with the Nigerian Niger Delta militants on June 25, 2009, oil terrorism in the region appeared to have abated for sometime but is still continuing.

CONCEPTUAL CLARIFICATIONS

Some key terms form the central pillar of this study. These are: Pipeline damage/rupture, vandalization, pipeline vandalization, illegal oil bunkering/oil theft, and sabotage.

Pipeline breakage and oil spill are caused by two major phenomena: Damages and ruptures. Ruptures occur due to diminished pipeline integrity and the aging process of the pipe. Pipeline damages are caused mainly by sabotage (Alawode and Ogunleye, 2011:566).

Vandalization comes from the word “**vandal**” which is someone who wantonly damages or destroys personal and public property. The verb, vandalize, therefore, means, to inflict wilful and senseless damage on property.

In the context of this paper, pipeline vandalization is the criminal act of destroying oil pipelines in an attempt to illegally tap or steal oil and other petroleum products. Indeed, the concept refers to the illegal or unauthorized activities that involve the destruction of oil pipelines to disrupt supply or the puncturing of oil pipelines to siphon crude oil or its refined products in order to appropriate it for personal use or for sale in the black market or any other outlet. Pipeline vandalization includes such acts as oil bunkering, breakage of oil pipelines to tap fuel, scooping fuel from burst oil pipes and the deliberate act of oil terrorism (Onuoha, 2007:96).

Illegal oil bunkering is the illegal act or process of supplying a ship or vessel or drums with stolen fuel or the illegal transfer of oil from pipeline or cargo to another ship or storehouse or

object or container. Simply put, illegal oil bunkering is oil theft or the stealing of crude oil or petroleum products.

Sabotage has its roots in French. It means the deliberate or underhand damage or destruction, especially carried out for political and/or economic in the context of this study, majorly economic reasons; it is action designed to disrupt any plan or scheme and prevent its achievement, i.e. deliberate destruction, damage or disruption of oil pipelines in order to stop the process of supply or interrupt the products and distribution of petroleum or oil products.

Note must be made that oil pipeline vandalization occurs mainly through sabotage and is currently the leading cause of oil spillage in Nigeria. Thieves and vandals often sabotage pipelines in order to gain access to crude oil, sometimes resulting in oil spills.

CHAPTER TWO

OIL EXPLORATION: HISTORICAL, POLITICAL AND SOCIAL OVERVIEW

There are few dates that are important in the historical annals of oil exploration in Nigeria. The forerunner of Shell Petroleum Development Company, Shell D'Arcy, pioneered oil exploration in the country after it was granted an exploration license in 1938. In 1956, the company discovered the first commercial oil field at Oloibiri in the present day Bayelsa State of the Niger Delta, leading to the first oil export in 1958.

Before then, the first exploration well in Nigeria was drilled by Shell D'Arcy at Iho, Northwest of Owerri in 1951. The first shipment of crude oil from Oloibiri was on February 17, 1958 while the trans-Niger pipeline was commissioned in May 1965.

Nigeria's first refinery in Port Harcourt was commissioned by Shell-BP in October 1965; and in December 2005, militants began attacking oil installations in the Niger Delta and SPDC operations in the western area of the Delta were significantly impacted (SPDC Diary, 2012).

Nigeria is the largest oil producer in Africa and the 11th largest in the world. The mainstay of the country's economy is the petroleum sector which contributes about 90% of the nation's foreign exchange earnings, 85% of government

revenues, 95% of its export earnings and about 25% of the Gross Domestic Products (GDP). Estimated oil reserves in Nigeria is put at between 35.2 billion barrels and 37.2 billion barrels while the average production is between 2.5 million to 3.0 million barrels per day (bbl/d) (Yo-Essien:1).

The discovery of crude oil by Shell D'Arcy in the Oloibiri field changed both the economic and ecological state of the communities in the Niger Delta and indeed, Nigeria.

The Niger Delta covers a land mass of 29,100 square kilometers or about 3.2% of the total Nigerian landmass: that is, the region measures 700,000 square km in geographical areas and lies in the Southern-most part of Nigeria (Alawode and Ogunleye, 2011:1).

The Niger Delta accounts for about 93% of Nigeria's export earnings and provides the economic lifeline that sustains the Nigerian nation. The region consists of nine States: Edo, Delta, Bayelsa, Rivers, Cross Rivers, Akwa-Ibom, Abia, Imo and Ondo; but the core Niger Delta States are Rivers, Bayelsa and Delta. These oil-bearing States are mainly ethnic minority groups in Nigeria. Most of Nigeria's oil reserves are in the region.

Nigeria has over 60% oil fields in the Niger Delta region. The country also has a proven reserve of 36 billion barrels of oil; it produces over 2.5 million barrels per day, making it a major source for heavy consumers like the United States and European Union. In addition to crude oil, Nigeria has an estimated 185 trillion cubic feet of proven natural gas reserves.

Most of Nigeria's oil reserves are located in the Niger Delta region of Nigeria comprising the following states: Akwa Ibom, Bayelsa, Cross River, Delta, Edo, and Rivers.

Crude oil theft and pipeline vandalization thrive in the Niger Delta region but also in other States of the country where there are oil installations or petroleum pipeline runs through.

The bulk of the nefarious activities takes place in the Niger Delta because of the number of oil wells in the area as well as its proximity to oil installations in the country. Indeed, crude oil theft which was formerly confined to the oil-producing communities in the Niger Delta is spreading to all parts of the country where pipelines are laid.

The areas of predominant oil bunkering and vandalization incidents in the recent past are in the Eastern Niger Delta, Okordia (Rumuekpe Trunkline), Imo River (Ogale Trunkline) and Buguma (Alakiri Trunkline), and Obigbo North delivering line at Kombo and Ogale. Others are Nembe Creek Trunkline, Tora Manifold, along Mbiama River, Awoba, Krakrama, Bille, Cawthorne Channel and Alakiri in Rivers and Bayelsa States.

Obviously oil is of strategic significance to Nigeria. It is the country's economic live wire and the country's financial base and a major player in the nation's political economy. The country made over 400 billion USD as revenue from oil between 1956 and 2006, a significant percentage of the wealth was mismanaged or stolen by the military and civilian leaders of the country (Evoh, 2009:42). In this regard, Garuba had written:

The upsurge noticed in contemporary illegal oil bunkering started attracting public knowledge during the Babangida regime (1986 – 1993) when the crude oil and its refined products (specifically petrol) became the domain of senior military officers and their civilian cronies. From the initial opportunity provided by domestic subsidy and devaluation of the Nigeria Naira during which legally lifted products were

diverted to more profitable markets of *Communaute financiere africaine* (CFA) Franc States under arrangement and cover of government officials, illegal oil bunkering in Nigeria took firm roots with the discrete cooperation of oil companies workers who operated at oil wellheads or allowed access to them. The bunkerers “tap directly into pipelines away from oil company facilities, and connect from the pipelines to barges that are hidden in small creeks with mangrove forest cover” (Human Rights Watch 2003:19). (Garuba, 2010:11).

According to Evoh (2009:47), major international companies produce oil in a joint venture agreement with the Nigerian National Petroleum Corporation (NNPC). The oil multinational companies involved in the venture, he opines, include Royal Dutch Shell, which accounts for almost half of the entire production, Exxon-Mobil about one-fourth, and Chevron-Texaco accounts for one-fifth of the total production. He states that on the export front, Nigeria has six terminals for the export of crude oil. Five of these, he says, are owned and managed by major companies operating in the region: these include the export terminals in Forcados and Bonny under the operation of Shell, Escravos and Pennington terminal under Chevron and Texaco, Qua Iboe terminal under Exxon-Mobil, The Brass terminal under Agip, and the Bonny Island Liquefied Natural Gas (LNG) terminal under the management of a state agency.

Oil brings wealth and socio-economic development to oil-producing states and regions. However, the same resource has brought untold misery, repression, environmental stress,

political tensions, communal strife, inter-intra community and ethnic violence, deprivation and poverty, criminality, militarization, weaponization of the region, security challenges, political corruption, massive penury, social unrest, restiveness, community underdevelopment, environmental destruction, ethnic conflict, erosion of social capital, ecological violence, state-sponsored violence, growing insecurity, kidnapping/abduction, oil theft, vandalization, sabotage, blood and death.

For example, oil producing states of Nigeria have benefited the least from oil-wealth; the minority ethnic groups in the oil-bearing Niger Delta receive less revenues from the government, and the federal government, is mainly controlled and dominated by the major ethnic groups of Hausa-Fulani, Yoruba and Igbo who gain more. The region, according to Douglas (2004) also experiences the highest flaring rate and devastation and ecological damage in the world. In sum, although oil has been a significant major player in economic life of the country; it has also brought with it many adverse challenges which have necessitated some commentators to describe the exploration and exploitation of oil in Nigeria as a curse rather than a blessing (Watts, 2004; O'Neil, 2007). The same theme was echoed by Asuni (2009) who said there is **"Blood oil in the Niger Delta"**; and Evoh (2009:44) who concluded: **"For Nigeria, oil has been a source of enormous wealth for the state, the military and the ruling elite, all at the expense of human capital development and ecological stability."**

Overall, the historical, social and political overview of oil exploration and exploitation appears to yield the following conclusions: (a) Oil exploration started in Nigeria in 1956 in the ancient community of Oloibiri in Bayelsa State; (b) Nigeria is a monolithic economy with almost 100% dependence on

crude oil production and exploration; (c) Pipeline vandalization and illegal oil bunkering are thriving businesses not only in the Niger Delta region of Nigeria but also in the other states of the federation where there are oil installations or wherever the petroleum products pipeline run through; and (d) community actions and efforts to seek redress both from oil companies operating in the region and the Nigerian state have led to unprecedented levels of oil theft, vandalism, pipeline vandalization, sabotage and insurgency.

CHAPTER THREE

THE LEGAL BACKGROUND

Nigeria is a leading oil producing country in the world which loses billions of dollars to oil theft and pipeline vandalization yearly. The thriving criminal activity not only is detrimental to the Nigerian nation, it has also affected adversely and continue to impact negatively on the country's economy. It is estimated, for example, that 55 million barrels of crude oil (about one-tenth of production) is lost through theft and smuggling in the country annually. Indeed, it is suggested that if Nigeria would produce and sell at its full capacity, the country's economy would get a boost. In fact, it would add about 10% to the nation's production if the 55 million barrels of oil (valued at about \$1 billion per year) would be sold legally. Prices of petroleum products around the country would not be as high, and the additional one-third would make additional contribution to the country's productivity and GDP. The net result is that government would be able to raise taxes and have the funds to increase overall social welfare (www.africaecon.org).

The upsurge of the criminal phenomena has been a source of worry to the Nigerian government, oil companies, international community and other stakeholders. To stem the tide, prevent the country's economy from dwindling and because of the importance government attaches to oil

production, it has put in place and firmed legal processes that would help ensure that the oil sector, which provides about 95% of Nigeria's export earnings and the mainstay of the nation's economy, is allowed to flourish.

Under Nigerian laws, illegal oil bunkering (oil theft) and pipeline vandalization are federal crimes. In the country, pipeline vandalization is usually regarded as an act of sabotage. It is a capital offence under the Petroleum Act and is covered by the Criminal Justice Decree of 1975 (Miscellaneous Provisions) (Onuoha, 2007:96).

Under this decree, it is an offence, punishable by death, or 21 years of imprisonment, to sabotage, disrupt, or even interfere with the smooth distribution of petroleum products in the country. Offenders are to be tried by a Military Tribunal. The Trade Disputes (Essential Services) Decree (1976) empowered the Head of State to proscribe any trade union or association of an essential service (e.g. the Nigerian petroleum industry) that is involved in acts that either disrupt the smooth running of any essential service, or cause industrial unrest in the Federal Republic of Nigeria (Amanze-Nwachukwu, 2011:19-21).

The Special Tribunal (Miscellaneous Offences) Decree No. 20 (1984) is an anti-illegal bunkering decree. The Decree prescribes very stiff penalties, including death by firing squad, revocation of licences, and forfeiture of both fixed and moveable assets, for offences committed against the milder provisions of the Petroleum Decree of 1969, promulgated earlier by the military government of General Yakubu Gowon. The scope of Decree No. 20 (1984) covers wilful, or malicious obstruction, damage, destruction, tampering, or interference with the free flow of crude oil and/or refined petroleum products (Amanze-Nwachukwu, 2011:19-21).

Similarly, oil pipeline sabotage is prohibited in Nigeria under Section 1 of the Petroleum Production and Distribution

(Anti-Sabotage) Act (Act 353 of 1990). The Act defines a saboteur as any person who does, aids another person, or incites, counsels or procures any other person to do anything with intent to obstruct or prevent the product or distribution of petroleum products in any part of Nigeria, or wilfully does anything with intent to obstruct or prevent the procurement of petroleum products for distribution in any part of Nigeria; or wilfully does anything in respect of any vehicle or that public highway for the distribution of petroleum products. Hence, the responsibility to ensure the security of pipelines is part of the duties of the various security agencies, as we shall see later on. Oil pipeline sabotage as referred to here, concerns the illegal or unauthorized act of destroying or puncturing of oil pipelines so as to disrupt supply or to siphon crude oil or its refined products for purposes of appropriating it for personal use or for sale on the black market or any other outlet. It includes such acts as oil bunkering, pipeline vandalization, fuel scooping and oil terrorism. In essence, any person or persons or company involved in such an act is considered to be guilty of economic sabotage (Onuoha, 2008:100-101).

In terms of the Nigerian Constitution, all minerals, oil and gas in Nigeria (in, under and upon any land, and of rivers, streams and watercourses) belong to the federal government. Section 44(3) states that **“notwithstanding the foregoing provisions of this section, the entire property in and control of all minerals, mineral oils and natural gas in, under or upon any land in Nigeria or in, under or upon the territorial waters and the Exclusive Economic Zone of Nigeria shall vest in the Government of the Federation and shall be managed in such manner as may be prescribed by the National Assembly”** (1999 Constitution). Oil extraction, outside the framework of an agreement with the federal government is illegal, as is the possession of crude oil by anyone not licensed to do so. Specific

crimes have also been created relating to damage to oil installations (including for the purpose of siphoning off crude oil or petroleum products (Onuoha, 2008:1000-101).

The Nigerian Navy and the Nigeria Police Force also have specific roles reserved for them by the law with regards to illegal oil bunkering: the Navy helps to implement and support the coordination of oil bunkering laws while the Nigeria Police Force investigates such offences under the law.

Section 1(4) of the Armed Forces Act (1993), states as follows:

Notwithstanding the generality of the provisions of subsection (2) of this section

-
- (a) the Navy shall, in particular, be further charged with (i) enforcing and assisting in coordinating the enforcement of all customs laws, including anti-bunkering, fishery and immigration laws of Nigeria at sea; (ii) enforcing and assisting in co-ordinating the enforcement of national and international maritime laws ascribed or acceded to by Nigeria... (iv) promoting, co-ordinating and enforcing safety regulations in the territorial waters and the Exclusive Economic Zone of Nigeria.

By virtue of the above section, the Nigerian Navy has the responsibility of implementing and supporting the organization of the implementation of the “**anti-bunkering**” laws of Nigeria at sea. This function requires the Navy to use

its fire power or boats or ships to ensure its men board and arrest and detain erring ships and later hand over to the police for investigation and prosecution.

Further, “**oil bunkering**” is included as a part of the definition of “**economic crime**” under the Economic and Financial Crimes Commission Act, 2002 (amended, 2004), and any vessel which is used or intended to be used to transport or facilitate the transportation, sale, receipt or concealment of economic crime shall be forfeited to the Federal Government unless it appears that its owner or other person in charge of it did not consent to or know or willfully connive in the economic crime. By virtue of the powers conferred on it, the Economic and Financial Crimes Commission (EFCC) can prosecute any person who without lawful authority *imports, exports, sells, distributes or otherwise deals with or in crude oil, petroleum or petroleum products in Nigeria or does any act for which a licence is required under the Petroleum Act and their abettors and aides*. Failure to obtain and possess a valid license or permit from the appropriate agencies will be tantamount to illegal oil bunkering or crude oil transportation which are now regarded as “**economic crimes**” which in view of current serious stance of the Government to stamp out illegal oil bunkering and crude oil theft, “**illegal oil bunkerers**” are being prosecuted under the Special Tribunal (Miscellaneous Offences) Act and Economic and Financial Crimes Commission Act by the Economic and Financial Crimes Commission. On being found guilty, the penalty is life imprisonment or/and forfeiture of the vessel to the Federal Government (Igbokwe, 2004:3-8).

In essence, the EFCC has been in the forefront of prosecuting oil bunkering criminals in Nigeria since its inception (Tackling, 2011:31). Indeed, the agency was appointed in July 2004 to prosecute oil thieves. Note must be

made that essentially the Federal Government of Nigeria treats illegal oil bunkering as an economic crime which must be eliminated.

In this regard, Sections 4(1), 4(3) and 4(6) of the Petroleum Act state that:

4(1) Subject to this section, no person shall import, *store, sell or distribute any petroleum products in Nigeria without a licence granted by the Minister.*

(2)..... (3)
Licences granted by the Minister under this section shall be subject to the prescribed terms and conditions of where no form is prescribed or no terms or conditions are prescribed, in such form and on such terms and conditions as may be decided or imposed by the Minister.

(4).....

(5).....

(6) Any person who does, with the appropriate licence, any act for which a licence is required under this section shall be guilty of an offence and shall be liable on conviction to imprisonment for two years or a fine of two thousand naira or both, and, in addition, the petroleum products in respect of which the offence was committed shall be forfeited.

In the circumstance, the Petroleum Act prohibits the store, sale (to ships being bunkered) or shipment of bunkering oil (AGO/LPFO) in Nigeria (including through its waters)

without a licence granted by the Minister of Petroleum Resources. The licence to *distribute* petroleum products including AGO and LPFO, is granted based on certain terms pursuant to any application for it and payment of the necessary fees. Section 9(1)(e)(ii) and (iv) of the Petroleum Act also empowers the Minister to regulate the importation, handling, *storage and distribution* of petroleum and petroleum products and other flammable oils and liquids, inter alia, by prescribing the notice to be given on the arrival at a port of *a ship carrying petroleum or petroleum products as cargo and to also regulate the loading, unloading, transport within a port, landing, trans-shipment and shipment of petroleum and petroleum products and to provide for the licensing of lighters and other craft to carry petroleum and petroleum products within a port.*

Furthermore, Section 10 of the Nigerian National Petroleum Corporation (NNPC) Act provides as follows that:

10(1) There shall be established a department to be known as the Petroleum Inspectorate (now known as Department of Petroleum Resources) which shall, subject to the other provisions of this Part, be an integral part of the Corporation.

(2) The Minister may delegate to the Alternate Chairman (where one is appointed) or the chief executive of the Inspectorate such of the powers conferred upon him under the Oil Pipelines Act, Petroleum Act or any other enactment as he may deem necessary and in particular, but without prejudice to the generality of

the foregoing, responsibility for the following matters, that is –

- (a) *issuing permits and licences for all activities connected with petroleum exploration and exploitation and the refining, storage, marketing, transportation and distribution thereof.*
- (b) *acting as the agency for the enforcement of the provisions of the said Acts and any relevant regulations made thereunder by the said Minister;*
- (c)

Considering the aforesaid penalties for illegal oil bunkering under the Petroleum Act and Nigerian National Petroleum Corporation Act lenient, the Federal Government later on enacted other laws including the Special Tribunal (Miscellaneous Offences) Act and Economic and Financial Crimes Commission Act, 2002 for stiffer penalties. Section 3(17) of the Special Tribunal (Miscellaneous Offences) Act, provides as follows:

(17)Any person who *without lawful authority or appropriate licence*–

- (a) *imports, exports, sells, offers for sale, distributes or otherwise deals with or in crude oil, petroleum or petroleum product in Nigeria;*
- (b) *does any act for which a licence is required under the Petroleum Act,*

shall be guilty of an offence and liable on conviction to be sentenced to imprisonment for life, and in addition, any vehicle, vessel, aircraft or other conveyance used in connection therewith shall be forfeited to the Federal Government.

Before this Act, illegal petroleum products were subject to seizure but since the enactment of the Act in 1983, a vessel used in connection with the offence of illegal oil bunkering, is liable to be forfeited to the Federal Government (Igbokwe, 2004:3-8).

Worried about the rising incidents of illegal oil bunkering in Nigeria, the administration of former President Olusegun Obasanjo, in 2001 set up a Special Security Committee on Oil Producing Areas to, among others, identify the causes, possibly those behind the act and then proffer solutions to the problem. The committee, in its report had noted that a **“major threat to the oil industry arises from activities of a ‘cartel or mafia’, that comprises highly placed and powerful individuals within the society, who run a network of agents to steal crude oil and finished products from pipelines in the Niger Delta region.”** (Amanze-Nwachukwu, 2011:19-21).

In March, 2008, the Nigerian Senate admitted: **“No one really knows exactly how much oil is pumped out of the ground.”** Some of it is sold legally, some is bunkered and sold illegally and other just **“lost”** through sabotage from local villagers. At a press conference in September 2008, Nigerian environment Minister, Halima Alao, reported that there had been 1,260 registered oil spills from all causes (including bunkering) between January 2006 to June 2008. Still, the lack of accounting for the oil pumped out of the ground induces

corruption and theft among well-connected groups or by the government, through bribe or embezzlement (Nigeria and Oil, 2009:9). The law has not been able to stem the criminal proclivity and activity of oil theft and sabotage.

Because Nigeria loses about ₦775 billion annually over non-metering of oil wells and inaccurate ship-to-shore loading and off-loading of vessels, the Department of Petroleum Resources (DPR), an agency of government tasked or saddled with the task of monitoring the oil industry was created. Similarly, the Nigerian Extractive Industries Transparency Initiative (NEITI) was established in 2005 to monitor operations in the country's oil and gas industry to ensure transparency, accountability and international best practices are maintained.

Inspite of all these legal efforts to stamp out illegal oil bunkering and pipeline vandalization in Nigeria, the activities have not abated. Rather, as Shell indicated, it has assumed **“unprecedented”** proportions. Indeed, NEITI in its 2011 research report concluded on a sad note that **“After 58 years of producing oil, Nigeria does not know how much was being produced.”** (Nigeria: Illegal, 2011:2).

CHAPTER FOUR

OIL PIPELINE INDUSTRY NETWORK OVERVIEW

As part of the oil infrastructure in Nigeria, there are over 5001 kilometres of pipelines across the landscape of the Niger Delta linking 275 flow stations to various export facilities in the country (Brume undated). The network consists of 4,315km of multi-product pipelines and 666km of crude-oil pipelines; and connects 22 petroleum storage depots located strategically in different parts of the country, forming a mesh that interlinks the 22 petroleum depots, the four refineries at Port Harcourt (I and II), Kaduna and Warri, the offshore terminals at Bonny and Escravos, and the jetties at Atlas Cove, Calabar, Okirika and Warri. In addition, 5,284 oil wells, 7000km pipelines, 10 gas plants, 10 export terminals, 4 refineries and massive liquefied natural gas (LNG) projects constitute the assets and infrastructures employed in Nigeria's oil industry (Alawode and Ogunleye, 2011:566).

The country also has over 606 oil fields in the Niger Delta region, with at least 360 on-shores and 246 off-shores. With a proven reserve of 36 billion barrels of oil, Nigeria produces over 2.5 million barrels per day, making it a major source for heavy consumers like the United States and the European Union.

The combined capacity of the 22 depots nationwide, excluding holding capacities at refineries can provide products

sufficient for up to 32 days of petrol, 65 days of kerosene and 42 days for diesel (Kalejaye, 2011:10).

The Pipelines and Products Marketing Company (PPMC), a subsidiary of NNPC, uses the extensive pipeline network to transport crude oil through distances of about 719km of the Port Harcourt (I and II), Kaduna and Warri refineries.

The multi-product pipelines are used in transporting products from the refineries and import-receiving jetties to the 22 petroleum storage depots in the country. The depots are connected by pipelines of 6 to 8 inches range. They have combined installed capacities of 1,266,890 of PMS, 676,400 DPK, 1,007,900 AGO, and 74,000 ATK metric tones (Evoh, 2007, Onuoha, 2007, 2008, Alawode and Ogunleye, 2011).

According to Onuoha (2007:99-100), the entire network is made up of a number of systems as follow:

- | | | |
|---|------------|---|
| 1 | System 2A | Warri-Benin-Ore-Mosimi |
| 2 | System 2AX | Auchi-Benin |
| 3 | System 2B | (a) Atlas Cove-Mosimi-Ibadan-Ilorin
(b) Mosimi-Satellite (Ejigbo in Lagos)
(c) Mosimi-Ikeja |
| 4 | System 2C | Escravos-Warri-Kaduna (crude lines) |
| 5 | System 2D | (a) Kaduna-Zaria-Kano-Zaria-Gusau
(b) Kaduna-Jos- |

		Gombe-Maiduguri
6	System 2E	PH-Aba-Enugu-Makurdi
7	System 2EX	PH-Aba-Enugu-Makurdi-Yola
8	System 2CX	(a) Enugu-Auchi (interconnection) (b) Auchi-Suleja-Kaduna (c) Suleja-Minna
9	System 2DX	Jos-Gombe

To ensure the safety of these pipelines, the government acquired a 3,5m wide right of way (ROW) on each side of the pipelines before they were laid, and the pipes buried a metre deep to prevent accidental contact (Onuoha, 2008:103-104). However, according to Alawode and Ogunleye (2011) and Onuoha (2008), recent events have shown that the integrity and safety of the pipelines have been compromised by vandals who tap into them resulting in oil thefts, damages and ruptures.

The Right of Way (ROW) is regularly cleared by the host community acting as contractors. In theory at least, a combined team of PPMC, Community Leaders, Police and Indigenes are to provide surveillance to guard the pipelines. Regular aerial surveillance of critical sections of the pipelines is also carried out by the PPMC/NNPC (Brume, undated). Reflecting on the oil pipeline network situation in Nigeria, Evoh concluded:

Paradoxically, Nigeria, the largest producer of crude oil in Africa and the eleventh

producer in the world, has resorted to the importation of refined oil. This is due to frequent breakdown of the four refineries in the country. About 310,000 barrels of oil are consumed in Nigeria everyday. However, the four refineries produce around 214,000 barrels per day out of their combined total capacity of 438,750 barrels (2009:47).

CHAPTER FIVE

LITERATURE REVIEW

The crimes of oil bunkering (oil theft) and pipeline vandalization have existed for a long time in Nigeria. Indeed, the phenomena with its enormous consequences are reported in both the print and electronic media in the country almost on a daily basis. The problems caused by the phenomena are so grave that the Federal government, State governments, oil companies, communities and citizenry in the oil-bearing areas and other stakeholders at the domestic and international levels are worried over the increasing incidents and costs of oil theft and pipeline vandalization. As recently noted by an SPDC official in November 2011: **“this criminal activity... not only put the lives of the perpetrators and the public at risk but causes severe environmental impact and impacts the communities in the area. It also wastes needed revenue to finance development even in the same area in which the activities are taking place.”** It is reported that the country has lost trillions of dollars to oil theft and oil pipeline vandalization (Iba, 2011). Indeed, Shell raised an alarm in Nov. 2011 describing as **“unprecedented”** the level of crude oil theft in Nigeria (Shell says, 2011).

Despite the enormity of the social, economical, ecological, political, developmental, environmental and human problems associated with and posed by oil theft and

pipeline vandalization, the phenomena have found few serious scientific scholarly research efforts devoted to study it. In sum, the discussion as the review of the related literature would show, have not been the favoured topics among scholars and academics.

The task here is to present an overview, interpretation, synthesis and account of the works (general and specific) that have gone on before in the area and establish or show how the current work or study relate to them. The reviewed literature is not necessarily identical with, but collateral to, our own study concern or area of focus.

There appears, therefore, to be two strands of literature of relative concern in this study. First, is the general or broad literature that treats the problems caused by the discovery and exploitation of oil in Nigeria. The second group of literature deals with specific attempts to scientifically discuss the crime of oil theft or bunkering and its allied crime of pipeline vandalization or sabotage in Nigeria.

To get a comprehensive, holistic understanding, grasp and comprehension of the subject matters vis-a-vis the central focus of this study, efforts are made to review, first, the general or broad scientific literature on the general problems occasioned by oil exploration and exploitation in Nigeria; and secondly, to review the specific and related or relevant scientific literature on the direct subject of oil theft and pipeline vandalization in Nigeria with emphasis placed on the latter literature because of its more contextual relevance.

(a) GENERAL RELEVANT LITERATURE REVIEW

A few scholarly attempts have been made concerning the oil-bearing region of Nigeria with regards to militancy, terrorism, violence and tragedy of oil discovery and exploitation in the Niger Delta. These efforts touched rudimentarily, indirectly,

and barely on oil theft and its companion crime of pipeline vandalization in the region. Thus, **Douglas, Kemedi, Okonta & Watts** posed this question in **Oil Militancy in the Niger Delta: Terrorism Threat or Another Colombia?** (2004) in which they argued that oil militancy in the Nigerian Niger Delta is not akin or comparable to the situation in Colombia. In their views, the recent conflict in the Niger Delta, marked by upward spiral of violence, weaponry and youth activism and criminality, does not raise the specter of Colombia nor does the specter of Colombia haunt Nigerians as some pundits have suggested. They concluded that the situation in the Niger Delta and the political-social dynamics at play and what they throw up in Nigeria is radically at variance with the situation in Colombia. The Ijaws and Delta ethnic militants, they argued, do **“not resemble in an unsettling way, the FARC and ELN”** in Colombia nor are they Maoist insurgents or terrorists **tout court**. They concluded: **“to see in the seeds of Ijaw mobilization a ‘New Terror’ is a radical misreading of the current political movement in the Niger Delta”**.

The same theme of the dialectics of blood and oil or petrolic-impelled violence (petrolic violence) was taken up in 2009 by **Evoh** in his treatise titled: **“Green Crimes, Petro-violence and the tragedy of oil: The case of the Niger-Delta in Nigeria”** (2009: 40-60). In the piece, he argued that oil has played a major role in the development dynamics of the Nigerian nation. But due to institutional corruption and fiscal mismanagement, Nigeria’s oil wealth has brought more ruin than blessing to the natural environment, children and youths. The oil industry in Nigeria, he suggests, is characterized by a vicious circle of violence involving the State, multi-national oil companies, and lately a group of indigenous armed youths in the Niger Delta region. In effect, he opines, the struggle for the control of oil wealth in Nigeria plays out in the pipelines.

He states that petro-violence, green crimes and ecological disasters in the country reflect the level of social and economic malaise in Nigeria. Furthermore, he argues, oil-related violence and disasters, particularly oil pipeline explosions, are the consequences of unsustainable practices in oil exploration, political corruption, and rent-distribution politics in the country. He concludes that these local dynamics are not only fuelled by the unsustainable system of global capitalism but also that the exploitation of the available social capital potential through collaborative partnership and development dialogue of all stakeholders, especially those in the oil-producing communities, are imperative for the sustainable management of oil in Nigeria (2009: 40-60).

In another article written by N.N. Nwokolo, captioned **“From grievance to greed: An Analysis of violent conflicts in oil bearing communities in Nigeria”**, the author, argues in general, that natural resources conflicts are first and foremost motivated by grievance which could later transcend into greed motivated. He further opines that the tendency of such conflict to move from a grievance motivated conflict to a greed motivated conflict anchors on time and opportunity structure. Specifically relying and applying data from oil bearing communities in Nigeria to the situation in the country, the writer contends that the inability of the Nigerian State and the oil companies to cash in on the opportunity structure and time enables the oil resource conflict to develop into greed-driven conflict from its original grievance motivated (2009:10).

Writing on **“Maintenance, Security, Environmental Implications of Pipeline Damage and Ruptures in the Niger Delta Region”** in 2011, Alawode and Ogunleye assesses and offers recommendations on the maintenance, security and environmental implications of pipeline damages and ruptures in the area. To sustain and improve the integrity and safety of

the pipelines, the authors argued that there is the need for a complete overhaul of aging pipelines, frequent checks for pipeline integrity, improved surveillance and introduction of aerial/satellite monitoring of pipeline installations, effective tracking by the Naval Force of the inflow of arms and combating oil bunkering and sea-piracy, quick response to oil spillage and pipeline vandalism, minimizing restiveness and unemployment through capacity building for the host communities by the provision of education, social infrastructures and small/medium scale enterprises, and increased enlightenment on the adverse consequences of pipeline vandalism (Alawode and Ogunleye, 2011:565-573).

The central focus of **Okogbule's** paper titled **“The Regulation of Economic Crimes in Nigeria: Old Problem, New Challenges and Responses”** is to appraise the regulatory framework for dealing with economic crimes in Nigeria from independence to the present time. Within this compass, the authors made an attempt to examine some of the economic crimes and the measures taken over the years to deal with them and assess the effectiveness of such mechanism. Finally, the author also proffered some suggestions on how to improve the existing regulatory mechanisms to make them more functional and responsive to the dynamics and realities of contemporary times (Okogbule, undated: 1-11).

The paper **“West African Gas Pipeline (WAGP) Project: Associated Problems and Possible Remedies”** which was written by **Obanijesu and Macaulay** (2007) considers Nigeria's present engagement in trans-boundary transportation of 11.3 billion cubic meters per day (11.3 BCMPD) of natural gas to Benin, Togo and Ghana for thermal and industrial uses through a 1,033km pipeline network out of which 617km is a submerged offshore pipeline network. The study was necessitated by the alarming frequency at which hydrocarbon pipeline failure

occurs in Nigeria with the resulting economic, environmental and human consequences. It was found that failure along the offshore segment of the pipe length posed high risk of hydrate formation and dissolution of some constituents which resulted in problems ranging from behavioural nature (e.g. fish excitement, increased activities and scattering in the waterbody) to chronic poisoning, fire outbreak, loss of human lives and livestock and climate change. To change the situation, the authors recommended the development of pragmatic management scheme, robust leak detection model and predictive model on natural gas flow pattern in waterbody (Obanijesu and Macaulay, 2007:1-25).

Under the title: **“Nigeria: Illegal Oil Bunkering — One Headache Too Many”**, Amanze-Nwachuku (2011), argues that the magnitude of oil theft in Nigeria is such that it is giving the government, oil companies and Nigerians sleepless nights, saying that while economies of countries where Nigeria’s illegally bunkered oil are sold are thriving on the cheap and illicit oil, that of Nigeria has continued to dwindle due to rising incidents of oil bunkering, billions of dollars lost to oil theft, the resisting of efficient monitoring of oil exports by power, institutional, governmental, political, military and militant cartels who are kicking against the effective monitoring of crude oil exports because they profit from the thefts. The net result is that oil thefts continue in the country and the resultant effect is that the CBN, Ministry of Finance, Ministry of Petroleum Resources, DPR & NNPC do not know the exact amount of oil that is lifted from the country over the years. For Amanze-Nwachuku, because of the unprecedented scale of crude oil thefts in the country and its attendant consequences, the occurrences or incidences with no solution in sight, have become **“one headache too many”** (2011:1-10). (Amanze-Nwachuku, 2011:1-10).

In an essay written by **Louis Iba** in early November 2011, captioned: **“Shell Worried Over Increasing Illegal Oil Bunkering Incidents”**, he identified SPDC as expressing worry over the increasing spate of illegal bunkering affecting its crude oil production businesses in the Niger Delta. He traced the genesis and nature of the bunkering incidents, its modalities, ramifications, consequences and possible control mechanisms (2011:16-19).

In the **“Fundamentals of Illegal Oil Bunkering in Nigeria”** (2009), **Elombah** reproduced the US Embassy confidential report of the oil theft phenomenon to its government which was released or leaked by Wikileaks. In the piece, oil theft, widely called **“illegal bunkering”** in Nigeria is said to represent a significant economic activity with serious ramifications for Nigeria’s economy, security, democracy and environment. The widespread association of illegal bunkering with militant activity obscures some of the most detrimental aspects of this large-scale, unofficial sector of the economy. Oil theft ranges from siphoning off tiny quantities of crude oil from rusted and ruptured pipelines by individual villagers for private use to sophisticated and difficult to quantify **“creative accounting”** on the part of well-placed individuals, illegal bunkering and its dependent economic sectors have replaced legitimate economic activity in large parts of the Niger Delta. The Wikileaks leak cables detailed and typologized bunkering as involving oil pipe, localized vandalism and large-scale thievery. It also details the processes of illegal oil bunkering, how it distorts the economy of the Nation, how it causes environmental damage, fuels insecurity and undermines democracy. It not only indicted the Nigerian officials for the problem but categorical stated that the problem is mostly a Nigerian phenomena rather than a global development: **“Nigerian officials repeatedly request U.S. assistance to**

prevent bunkering. The reality, however, is that most oil bunkering is not a global phenomenon readily susceptible to international deterrence, but a largely Nigerian development that requires domestic resolution. No other, major oil-producing country, to our knowledge, loses as much revenue from illicit oil bunkering as Nigeria, largely because the political elite, militants, and communities profit from such operations. Tackling this problem will require resolute political will from many sectors of Nigerian society” (Fundamentals, 2009:11-15).

In a related essay with the title **“Oil Bunkering: The Wikileaks’s Expose”**, Maduka presents a rehash, review and summary of the contents of the United States diplomatic cable which was released by Wikileaks on the illegal oil theft and those behind it in Nigeria as earlier contextualized in **“The Fundamentals of Illegal Oil Bunkering in Nigeria”**. The author opined that the Wikileaks revelations have been a powerful reminder on the extent of corruption in Nigeria, how deep its problems go, and explains why the nation remains where it is: at the base of its immense potentials. He concluded that these nefarious activities cannot continue and that it is time Nigerians start demanding credibility and transparency from its leaders (Maduka, 2011).

In, perhaps, one of the most far-reaching and profound essays written to date on **“Illegal Oil Bunkering in the Niger Delta”**, Davis, Kemedi & Drennan, presented an overview of oil theft in the region and the ways in which the phenomenon affects the prospects of peace and security in the region. The paper detailed the profile and processes of illegal oil bunkering, how much is stolen in the nefarious crime, government efforts against oil bunkering, impact of oil theft, flow-on effects of the criminality (sea-piracy, weapons, ethnic

violence, social disintegration) and the strategies to combat oil theft. It is concluded **“An assault on illegal oil bunkering will need the serious and coordinated leadership of the Federal Government with the active participation of the state governments, the oil industry and the communities if a sustained reduction in the level of oil theft is to be achieved. Coordination will require all stakeholders to agree to the best strategies and tactics for achieving zero oil theft and the conditions under which the strategies can attain a successful outcome”**.

In an extensive and detailed research which she entitled **“Blood Oil in The Niger Delta”**, **Judith B. Asuni** refers to oil theft or the trade in stolen oil as **“blood oil”**. She argues that the phenomenon poses an immense challenge to the Nigerian state, harming its economy, fuelling a long running insurgency in the Niger Delta, undermining security in the Gulf of Guinea and adds to instability on world energy markets. She argues that although the exact amount of oil stolen per day is unknown, it runs into billions of dollars which could have been used for development. She went ahead to point out that the enabling environment for illegal oil bunkering includes high levels of unemployed youth, armed ethnic militias, ineffective and corrupt law enforcement officials, protective government officials and politicians, corrupt oil company staff, established international markets for stolen oil, and the overall context of endemic corruption. She opines that previous attempts by the Nigerian government and the international community to address illegal oil bunkering have had limited success in reducing the flow of blood oil, and says it is time for the international community to become more proactive in helping Nigeria address this complex issue as the problem is not a problem for Nigeria alone. Indeed, she concludes, the business of bunkering illegal oil, or blood oil, involves players far beyond

the shores of Nigeria and will require an international (multilateral) effort to control it. Additionally, she suggests, the broader issues of underdevelopment and over-militarization of the region, as well as the Niger Delta's lack of participation in the oil and gas industry, must be addressed before any lasting peace can be found. The U.S., she concludes, is uniquely positioned to take leadership role in helping to dry up blood oil and address other issues in the Niger Delta (2009:1-19).

The article “**The Political Economy of Illegal Bunkering in Nigeria**” by Braide (2003:11-17) deals with how the syndicated criminal proclivity of illegal oil bunkering is threatening the very foundations of Nigeria's petroleum industry and economy as it constitutes a drain on the national treasury. Recommendations are tendered to stem the phenomenon to meet with the prevailing economic realities and challenges.

In an essay written by the Editorial Board of *Punch* of November 15, 2011 with the caption “**National Security Implications of Crude Oil Theft**”, the editors presented hard facts on the activities and the impact of crude oil theft on the exploration and production operations of oil firms as well as the physical environment. They identified the impact as including severe environment damages and loss of badly needed revenue to finance development. It was suggested that illegal oil bunkering has continued to thrive at the expense of the nation and that the nation's economy is at the mercy of and the direct consequence of the operational and moral weaknesses of security. It concluded that Nigeria's security agencies are not doing enough to combat oil field crimes saying “**The Federal Government must act – and decisively too – to protect the national economy and prevent powerful individuals from criminally amassing wealth that could turn them into a threat**

as is the case with the drug cartels of Colombia, Brazil and Mexico” (National Security, 2011).

In a paper presented at the annual conference of the Nigerian Maritime Law Association in Lagos in May, 2004, titled **“Oil Bunkering Within The Nigerian Maritime Sector: The Urgent Need For Reform of Government Policies and Laws”**, Michael Igbokwe, reviewed government policies and laws on oil bunkering and its enforcement institutions and administrative frameworks within the Nigerian maritime context. Specifically, he looked at government policy and laws on oil bunkering as it relates to licensing, the role of the Navy and police in enforcing oil bunkering laws. He then made some urgent proposals to reform government policies and laws on oil bunkering in the Nigerian maritime sector which he believes, if **“quickly implemented by those concerned our oil bunkering business and shipping will be the better for it”** (Igbokwe, 2004:1-13).

In a 23-page research paper with the title **“Trans-Border Economic Crimes, Illegal Oil Bunkering and Economic Reforms in Nigeria”** (2010:1-23), Garuba attempted to conceptualize Nigeria’s economic reform within the rubrics of the unfinished political democratization agenda that started in the 1980’s. He also discussed trans-border economic crimes within the context and linkage with the logic of globalization locating Nigeria and the trans-border character of illegal oil bunkering in that linkage. He concluded his treatise by reviewing the diverse attempts to reconnect Nigeria to prosperity through reforms; and constructing the way forward for the realization of the goal. Although the author promised to **“examine the phenomenon of economic crimes across borders and its specific character of illegal oil bunkering in Nigeria vis-a-vis the country’s economic reform agenda”** little of this was actually done (2010:1-23).

Tofolari's article titled **"Tackling Illegal Oil Bunkering"** is an attempt to proffer ways to stem the phenomenon. He argues that illegal oil bunkering has become one of the intractable problems of Nigeria. Consequently, he surmises, the country should not play with its economic well-being by tackling oil theft with kid gloves. He maintains that oil bunkering criminals should, therefore, be made to face the full wrath of the law to stem the criminal behaviour and deter others who may want to emulate them (Tolofari, 2011).

In another study carried out by **Onuoha** (2008) with the heading **"Oil Pipeline Sabotage in Nigeria: Dimensions, Actors and Implications for National Security"**, the author reviewed the recent manifestations of oil-pipeline sabotage and the implications it holds out for national security in Nigeria. After identifying what he regards as the three main dimensions of oil pipeline sabotage in Nigeria (oil bunkering, pipeline vandalization/ fuel scooping; and oil terrorism) from the perspective of national security, the author used the dimensions to highlight the actors and objectives behind their activities. He concluded the discussion by offering some recommendations on how to curb the incidence of oil pipeline sabotage (Onuoha, 2008:100-115).

(b) SPECIFIC RELATED LITERATURE REVIEW

The essay of L.P.E. Yo-Essien (undated) titled **"Oil Spill Management in Nigeria: Challenges of Pipeline Vandalism in the Niger Delta Region of Nigeria"** deals essentially with how oil spill challenges caused by pipeline vandalism in the Nigeria Delta Region are managed and how they can be effectively curtailed. It details the incidents of oil spills, causes, legislative framework of oil spill management and how to stem the phenomenon. The author opines that pipeline vandalization is a serious challenge to oil spill management in

Nigeria which has defiled solutions. He concludes that oil spill caused by pipeline vandalization is a threat to oil product, sustainable livelihood and the environment.

In an undated article captioned **“Pipeline Vandalism and Nigeria’s Economy”**, published in *The News*, the author maintains that Nigeria loses billions of dollars to the activities of vandals of petroleum products pipelines arguing that their activities affect Nigeria’s economy resulting in shortage of petroleum products for end users, product scarcity, and often frustrate government efforts at ensuring stability in the oil sector (Pipeline Vandalism, *The News*, undated: 21-23).

In another essay titled: **“Why The Poor Pay With Their Lives: Oil Pipeline Vandalization, Fires and Human Security in Nigeria”**, Onuoha (2009:369-389) opines that since its discovery in Nigeria in 1956, oil has generated enormous wealth but it has also claimed a great many lives. He argues that scholarly attention on the impact of oil on security in Nigeria has largely focused on internal conflicts rather than on how disasters associated with oil pipeline vandalization have impacted on human security in terms of causing bodily injuries and death, destroying livelihoods and fracturing families. This essay examines how pipeline vandalization affects human security in these ways. It identifies women and children as those who are hardest hit and questions why the poor are the most vulnerable in oil pipeline disasters in the country. It recommends the adoption of a comprehensive and integrated framework of disaster management that will ensure prompt response to key early warning signs, risk reduction and appropriate mitigation and management strategies.

In another essay titled: **“Poverty, Pipeline Vandalization/ Explosion and Human Security: Integrating Disaster Management into Poverty Reduction in Nigeria”**, Onuoha (2007) interrogates the common official refrain to attribute

vandalisation-induced pipeline explosion to poverty in the country. He argues that although poverty has explanatory relevance in terms of the ubiquity of oil pipeline explosion, such attribution conceals more than it reveals: it clearly shows that the poor are the direct and hardest hit in oil pipeline explosion in Nigeria, but conceals the fact that rich vandalisation barons are behind these threats to human security; it conceals the contradiction between the material circumstances of the victims and the sophisticated technology deployed in such nefarious acts. While it reveals the disempowerment of the poor to negotiate their survival outside the lure of fuel scooping, it conceals the power of the barons to easily negotiate their freedom from conviction. Also, it conceals the seeming contradiction of perceptions of security between the government officials and the poor citizens. The paper, therefore, argues that it is this prevalent situation that not only accounts for the frequency of pipeline vandalisation, but provides reasons that government fails to pay compensation to victims of explosion or to evolve proactive disaster response strategies. Thus, it advocates the integration of a disaster management framework into government's overall effort of poverty reduction in the country (2007).

Another article by **Onuoha** (2007:94-108) titled **“Poverty, Pipeline Vandalization/ Explosion and Human Security”** explores the links between poverty and vandalism, which result in oil pipeline explosions in Nigeria. It advocates integrating a disaster management framework into the government's overall poverty reduction efforts. The author shows that the poor are often the most direct and hardest hit in oil pipeline explosions in Nigeria, while rich oil barons are behind these threats to human security. The article highlights the many concealed contradictions, including in the perceptions of security between the government officials and the poor citizens.

The author argues that since poverty accounts for the frequency of pipeline vandalization, proactive disaster response strategies must also evolve.

Writing in 2010 on **“Oil Spill Incidents and Pipeline Vandalization in Nigeria: Impact on Public Health and Negation to Attainment of Millennium Development Goals: The Ishiagu Example”** (2010:70-87), **Aroh, Ubong, Eze, Harry, Umo-Otong and Gobo** reviewed oil spill incidents and pipeline vandalization in Nigeria between 1970 and 2006. They basically examined the potential danger posed by such activities to public health exemplifying it with the oil spill through acts of vandalism in Ishiagu, Nigeria. The authors concluded that oil spill and pipeline vandalization devastate the environment, pollute dependable potable water sources such as streams and rivers and should be seen as a serious threat and negation to the attainment of the United Nations Millennium Development goals.

“Environmental Right, Pipeline Vandalization and Conflict Resolution in Nigeria” by L. Atsegbua (2001) examines the consequences of the absence of an environmental rights provision in the 1999 Constitution of Nigeria. The writer argues that as a result of Article 24 of the African Charter on Human and People’s Rights, environmental rights can now be enforced in the country. He also examines the vexed question or issue of pipeline vandalization in the Niger Delta and concludes that there is the need to resolve the conflict in the area or region.

Under the title **“Oil-Pipeline Vandalization In The Niger Delta: The Way Out”** (undated), Fred Brume traces the factors, causes, consequences and solutions to pipeline vandalization in the Niger Delta. He suggests that any meaningful attempt to stem the phenomenon must address the root causes of the problem which he identifies as the past neglect, marginalization

and oppression of the people which have led to widespread poverty in the region. He concludes that if the existing situation remains unattended to, the reaction could escalate and jeopardise the corporate existence of Nigeria. He, therefore, recommends a strong and bold Niger Delta Development Commission (NDDC) that starts out in the spirit of the U.S. Marshall Plan as the way out of oil pipeline vandalization and its companion manifestations of years of restiveness and discontent in the Nigerian Niger Delta.

Due to the essential role pipelines play in the U.S. economy, the American Congress undertook to examine the adequacy of the Federal pipeline security efforts in the country. The outcome was Paul W. Parfomak's Congressional Research Service Report For Congress entitled: **"Pipeline Security: An Overview of Federal Activities and Current Policy Issues"** (2004).

Nearly half a million miles of oil and gas transmission pipeline crisscross the United States. The report provides an overview of recent Federal activities related to pipeline security, including safety activities with links to security. The report also describes the U.S. gas and oil pipeline networks, the industry's safety record and security risks, and the industry's activities since September 11, 2001. It summarizes recent changes in federal pipeline security laws and related changes in the security roles of federal agencies; and discusses several policy concerns related to federal pipeline security efforts: (a) federal threat information for pipelines; (b) criteria for identifying "critical" assets; (c) Transport Security Administration (TSA) funding for pipeline security; (d) and federal agency cooperation in pipeline security.

Although all the above vast array of literature and batteries of research are to some extent contextually and scholarly relevant, some, as aforementioned, are more scientifically and

academically more germane than others. For example, essay by Douglas et al (undated), Okogbule (undated), Obanijesu and Macaulay (2007), Evoh (2009), Nwokolo (2009), and Alawode and Ogunleye (2011) are only tangentially useful in that they provide insights and background information on the myriads of problems in the Niger Delta and on the subject of our study focus and concern. Whereas, essays by Braide (2003), Parfomak (2004), Igbokwe (2004), Atsegbua (2001), Brume (undated), Yo-Essien (undated), Davis (undated), Onuoha (2007, 2008, 2009, Undated), Asuni (2009), Garuba (2010), Avoh and others (2010), The News (undated), Editorial (undated), Iba (2011), Amenze-Nwachukwu (2011), Wikileaks (2009), Maduka (2011) and Tofolari (2011) provide needed supplementary data on the various aspects of the multifarious problems plaguing the Niger Delta and the resultant effects on and promotion of militancy, oil spill, oil politics, oil and the economy, national security and oil theft, pipeline security, poverty and bunkering/vandalization, conflict and strife in the region, oil bunkering/pipeline vandalization and violence, ecological devastation, environmental degradation, community deprivation, and restiveness and oil blood.

Indeed, of all these batteries of research, the closest to our study collaterally, directly and scientifically is the seminal work of Asuni (2009) and to lesser extent those of Onuoha (undated), Fundamentals (2009) and Davis and associates (undated), although our study is more embracing, holistic, encompassing and comprehensive in terms of coverage, focus and direction. For the sake of research completeness, robustness, and contribution to knowledge, these arrays of literature, were in differing degrees and measures eclectically and scientifically useful to the realization of the objectives of the current study.

CHAPTER SIX

INCIDENTS, EXTENT AND NATURE

The incidents and extent of illegal oil bunkering and pipeline vandalization in Nigeria are staggering and widespread. First, a discussion of the extent and nature of oil thefts in the country.

INCIDENCE AND EXTENT OF ILLEGAL OIL BUNKERING

In the last two decades, a day has hardly passed without a report of cases of the illegal activity in the nation's news media. For example, between 30/1/2004 and 3/3/2004, various newspapers in Nigeria carried the following headlines: **"Government seizes 14 ships for bunkering"** (*The Guardian*, 30/1/2004:1); **"Shell Loses 9m Barrels to Bunkerers"** (*ThisDay*, 26/2/2004:8); **"Police Arrest 37 Foreigners, 270 others for oil bunkering"** (*The Guardian*, 27/2/2004:1); **"Police Parade 90 over Oil Bunkering"** (*ThisDay*, 27/2/2004:6); **"25 Expatriates, 5 Others Arraigned for Illegal Bunkering"** (*ThisDay*, 3/3/2004:4) and **"Thirteen Oil Bunkering Suspects know fate today"** (*The Guardian*, 3/3/2004:3). A graphic portrayal of some of the incidents from 2003 to 2009 is tendered by Garuba:

Be that as it may, the growing unpopularity of the reforms has not diminished the

significance to the central focus of the war against trans-border crimes and its character of illegal oil bunkering in Nigeria. This has manifested in series of arrest and detention of suspected ships, crewmembers and stolen crude oil or petroleum products through on-going *Operation Safety Value* launched by the navy, including the seizure of over 19 vessels used for illegal bunkering operations between January and July 2003, with another 4 ships and a number of persons including 10 foreigners (Senegalese, Burkinabes, Togolese, Ivorians and Beninios) arrested for oil smuggling in the month of August (Human Rights Watch, 2003:19). Also, 38 persons, including 5 Ghanaians, were arrested aboard 2 ships carrying 10,000 tones of illegally bunkered Nigerian crude in March 2004. The figure, which brings to 82 the number of suspects arrested over the same offence between October 2003 and March 2004, included 18 Russians, 15 Poles, 4 Romanians, 3 Ghanaians, 2 Sri Lankans, 2 Georgians and 38 Nigerians with a combination of tens of thousands metric tones of stolen crude oil valuing hundred of million dollars. (*The Guardian* (Lagos), Wednesday, October 22, 2003, pp. 1-2; *The Tuesday*, March 23, 2004, p. 96). The arrest in March 2004 of *MT Destiny* and *MT Jimoh* turned in 25 and 13 crewmembers respectively. More recent cases of arrest of illegal oil bunkerers include

14 Filipinos in July 2008, six Ghanaians in February 2009 and four Nigerians in October 2009 (Amaize, 2008; Vanguard, 2009; James, 2009). While virtually all the arrests were made off the coast of the Niger Delta, Forcados Rivers, Escravos, Benin River, Dodo River and Lagos Offshore Base, some others have also been made on the high sea (Garuba, 2010:).

The information/view above is just a tip of the iceberg. From 2003 till 2012, the situation has not abated, rather, as will be seen later in the discussion, it has become **“worrisome”** and **“unprecedented.”** An elucidation is in order.

On October 2011 alone, the Nigerian Navy arrested 43 suspects over illegal oil bunkering on the Bonny waterways; NIMASA arrested a tanker vessel for bunkering, barely 4 weeks after the arrest and detention of an unidentified foreign vessel over the same offence; and the Navy nabbed and NIMASA arrested 2 persons and 4 vessels for illegal bunkering, respectively. In the same month, the Nigerian military arrested 50 persons and destroyed some 2,000 illicit refineries in the Niger Delta; the JTF (Joint Task Force) arrested 53 oil thieves in Bayelsa, Rivers and Delta States; the same JTF also arrested 46 persons and seized 187,500 litres of adulterated fuel in Bayelsa; seven Nigerians and 2 Ghanaians were sentenced to 90 years in prison for oil theft and illegal refining; while the Economic and Financial Crime Commission (EFCC) secured the conviction and sentencing of two Ghanaians and seven Nigerians to a total of 810 years imprisonment at an Asaba Federal High Court for conspiracy and illegal dealing in petroleum products; and NIMASA also arrested 5 vessels for

illegal crude oil transfer and bunkering activities off the coast of Lagos.

Furthermore, in October, 2011, seven Nigerians and 12 Ghanaians were jailed (Nigeria: Illegal, 2011:1); the Navy arrested 2 persons (Navy Nabs, 2011:1); Lagos State Environmental and Special Offences Unit uncovered 100 illegal oil wells in Ilashe, Lagos State (Pipeline Vandalism, 2011); NIMASA also arrested 5 vessels (NIMASA, 2011:1) and a further 4 vessels during the same period (illegal bunkering, 2011:1).

In April 2012 the Nigerian army discovered more than 70 illegal refineries at Igugudu-Aghalokpe in Okpe Local Government Area of Delta State. The illegal refineries were located along the bank of Ethiope River for easy transportation of both crude and refined products (70 illegal, 2012:7). Similarly, soldiers discovered over 200 illegal refineries and seized 28 boats used for oil bunkering in Asa, near Aba in Abia along the stretch of Imo River Coast between Imo River Gate and Isimiri Flow Station in Ukwa West Local Government (Another 200, 2012:8). Eighteen of the boats were destroyed.

Furthermore, on May 20, 2012 men of the Joint Task Force (JTF) destroyed illegal bunkerers' 3000 plastic drums and warehouse in Ovwawha community in Ughelli South Council of Delta State (JTF destroys, 2012:4). About the same period, the Police Special Task Force on Petroleum Pipeline Vandalism smashed a syndicate which specialized in vandalizing oil pipelines and stealing oil products in Lagos area. Recovered from the 3 members of the syndicate were about 30 meters long of 3 inches hose; octopus ten-finger hose; one constructed wooden machine with 3 inches short iron pipe; one black sack and a shovel (Police Smash, 2012:12). In addition, on May 21, 2012 the JTF led by NIMASA intercepted and arrested a fibre boat named AMOMO MARINE carrying nine 205 litre

drums and sixteen 50 litre cans of the NNPC pipeline at Atlas Cove, Lagos (NIMASA, 2012:61).

Similarly, on May 24, 2012, the Governor of Cross River State led a team of security personnel which bust the operations of illegal bunkerers. In the raid at Akpabuyo and Bakassi Local Government Areas of the State, 10 tug boats, 2 barges and several thousands of containers used in the illegal lifting of petroleum products were set ablaze. In addition, about 107 fuel-laden tankers and pumping machines were seized (Imoke, 2012:10; Imoke Leads, 2012:6).

In the same vein, on May 28, 2012, several suspects and no fewer than 6 vehicles including 2 tankers and about 500 drums, filled with petrol or diesel were seized and detained by the Nigerian Navy at Ikot Abasi, Akwa Ibom State were handed over to the EFCC for prosecution for illegal refining of crude oil (Illegal Refineries, 2012:10). Similarly, on May 17, 2012, the EFCC took over illegal bunkering vessel, MT Takoradi, with 1m litres oil from the navy (EFCC takes, 2012:3).

Around the same period, the JTF arrested 6 oil thieves in Ogbia Local Government Area of Bayelsa State who had been the brain behind the illegal businesses. During the operation, a 33,000 litre capacity fuel tanker was seized and destroyed along with 6 pumping machines and hoses used to pump illegal products from over 12 surface tanks found in the community's water-front (JTF Arrests, 2012:11).

About the 17th of May, 2012, the Police Special Task Force in Lagos arrested 4 pipeline vandals who were siphoning petroleum products from NNPC through the Abule-Oba waterside in Ikorodu, Lagos. They impounded a truck containing a large amount of crude oil (4 Pipeline, 2012:8).

In late May, 2012, it was alleged that operators of illegal refineries in the Niger Delta were JTF operatives through the

Chinese personnel boundary of Rivers and Abia States. Following this allegation, the Defence Headquarter initiated an investigation into the matter (JTF Behind, 2012:7; Illegal Refineries, 2012:10).

Worried about these developments, the Nigeria Extractive Industries Transparency Initiative (NEITI) pressed for a working relationship with the ICPC to fight the phenomenal stealing of crude oil in the country (NEITI takes, 2012:9). Furthermore, in the month of May, 2012, the Federal Government established a Joint Oil Industry and Military Task Force with the mandate of eradicating the oil theft menace to the survival of the Nigerian economy (FG sets up task force, 2012:51). Shell Petroleum Development Company (SPDC) expressed worry over the increasing spate of illegal bunkering affecting its crude oil business in the Niger Delta (Shell Worried, 2011:1).

The magnitude of the crude oil theft was underscored on November 1, 2011 when the Nigerian House of Representatives mandated its Committee on Petroleum Resources, Upstream, and Navy to conduct an investigative hearing on the continuing stealing of the nation's crude oil through illegal bunkering. In a motion titled: **“Unprecedented Upsurge of Illegal Oil Bunkering activities in the Nigerian Coastal Region”**, a lawmaker said the activities of illegal bunkerers posed a serious threat to the nation's economy. He went on to add that between 150,000 and 200,000 thousand barrels of crude oil was being lost on a daily basis which cost the country millions of dollars in lost revenue (Rep Probe, 2011:1).

Furthermore, a Report captioned **“Transnational Trafficking and the Rule of Law in West Africa: A Threat Assessment”** showed that illicit income generated from illegal oil bunkering and cocaine trafficking (approximately \$1 billion each) rivals the GNP of Cape Verde or Sierra Leone (Nigeria

and Oil, undated: 5-6). The same report states that despite technological advancements, Nigeria's production has not increased and is estimated to be running only at two-thirds of its capacity. **“Underproduction is mainly attributable to theft, vandalism and violence in the Niger Delta. This underproduction limits GDP and prevents the country from achieving long term growth”** (Nigeria and Oil, undated: 5-6), the report concluded.

Similarly, in March 2008, the Nigerian Senate admitted: **“No one really knows exactly how much oil is pumped out of the ground”**. Some of it is sold legally, some is bunkered and sold illegally and other is just **“lost”** through sabotage from local villagers. The then Nigerian Minister of Environment also reported that between January 2006 and June 2008, there were 1,260 registered oil spills from all causes, including bunkering (Nigeria and Oil, undated: 5-6).

A recent study commissioned by the Royal Dutch/Shell put the amount of oil stolen each year by bunkerers or vandals at between 100 and 250 million barrels. At an average of \$60 USD per barrel, the theft translates to a loss of about US \$15 billion each year. This is in addition to other costs to the Nigerian State (Mumuni and Oyekunle, 2007).

Shell, in 2009, put the cost of crude oil theft in Nigeria at £1.1 billion a year, according to a report. As much as 100,000 barrels of crude oil or 5% of Nigeria's oil production was reportedly stolen or smuggled from Nigeria everyday, the report said, citing estimates from the company. The company was also quoted in the report to have said that the theft of oil in Nigeria ranged from 20,000 to 100,000 barrels per day but may have peaked at more than this (Fundamentals, 2009). Similarly, Shell said it lost 70,000 barrels of oil per day to thieves in December 2010 (Emine, 2012:19). Indeed, Shell is the most affected of the oil companies operating in Nigeria: it has the

most accessible assets, which exist onshore and in the swamps. In the last few years, the company has been losing an average of 140,000 barrels of oil daily to sabotage. The figure has risen to 150,000 barrels per day (Ugwuanyi, 2012:12). On its part, PPMC said: **“Pirates are stealing Nigeria’s crude oil at a phenomenal rate, funnelling nearly 300,000 barrels per day from our oil and selling it illegally on the international trade market”** (Ugwuanyi, 2012:13).

Furthermore, on November 2, 2011, Shell expressed worry over the increasing spate of illegal bunkering affecting its crude oil production businesses in the Niger Delta. Its Vice President, HSE and Corporate Affairs (Shell Sub-Saharan Africa) explained that the unprecedented scale of crude theft in the area forced the company to shut the field, resulting in deferment of about 25,000 barrels of oil per day. Production, he said, will remain suspended until the crude theft and refining activities have stopped. Continuing, he said that more than 75% of all oil spill incidents and more than 70% of all oil spilled from SPDC facilities in the Delta between 2006 and 2010 were caused by sabotage, theft and illegal refining.

Concluding, he said:

We are very disappointed that oil thieves are still at work... This is why we call for concerted efforts to help stop this criminal activity which not only puts the lives of the perpetrators and the public at risk but causes severe environmental impact and impacts the communities in the area. It also wastes badly needed revenue to finance development even in the same areas in which the activities are taking place (Shell Worried, 2011:1).

Similarly, on November 15, 2011, *Punch* carried a report on the National security implication of crude oil theft (National, 2011:1); on November 2, 2011, Nigeria's lower house of parliament said it was going to investigate the rising wave of crude oil theft in the Niger Delta (Nigeria Wants, 2011:1); and earlier, Shell was reported by Iba to be worried over increasing illegal oil bunkering incidents (Iba, 2011:1); indeed, Shell reportedly said during the same occasion, that oil theft in Nigeria was unprecedented (Shell says, 2011:1). In the same November, 2011, there were 14 additional oil bunkering incidents in the Eastern Niger Delta while some 16 oil theft points were discovered in Imo River field during the same period.

In December, 2011, the Nigerian Navy also seized 3 ships and arrested 11 persons involved in oil trade (Nigerian Navy, 2011:1); on December 16, 2011, the *Daily Sun* reported that NIMASA (Nigerian Maritime Administration and Safety Agency) arrested a vessel with 17,000 tonne of fuel (2011:45); while the Navy handed over oil bunkering vessel and 25 suspects to the EFCC (The Nation, December 15, 2011:5).

In addition, on January 25, 2012, the National Coalition on Gas Flaring and Oil Spills in the Niger Delta (NACGOND) identified over 57 illegal refineries in the Southern Ijaw Local Government Area of Bayelsa State (Group Identifies, 2012:9); on February 1, 2012, a Magistrate Court in Port Harcourt remanded 15 persons for bunkering in Rivers (15 suspects, 2012:11); and on February 6, 2012, the Managing Director of Shell decried the rising incidence of crude theft in the Niger Delta. He said the increase in crude theft on the new Nembe Creek Trunkline (NCTL), barely 16 months after the old line was replaced due to repeated sabotage attacks, threaten the export of 140,000 barrels of crude oil per day. He noted that

illegal oil bunkering and illegal refining were still ongoing in Nembe Creek, with the environment being polluted. Continuing, he said on December 24, 2011, the Nembe Creek Trunkline was shut because of leaks caused by 2 failed bunkering points and since the repairs were completed, more than 50 theft valves had been discovered. He noted that in one case, 17 illegal bunkering points were found within a distance of 3.8kilometres. He also confirmed thriving crude theft at Tora Manifold, Santa Barbara River, SEGO Manifold, Awoba, Krakrama, Bille, Cawthorne Channel and Alakiri in Rivers and Bayelsa States, with some connections made directly to wellheads and no longer pipeline. Fretting over the rising crude oil theft, the SPDC Managing Director, Mr. Mutiu Sunmonu, concluded:

I feel extremely saddened, as a Nigerian, at the scale of lawlessness, the scale of criminality, the scale of lack of care for neighbours in view of the activities that are ongoing in the areas you have overflowed today.

I am extremely worried and frankly, something has got to be done. Otherwise, our entire oil and gas operation in the Niger Delta will not be sustainable. The level of crude theft at NCTL can no longer be tolerated. There have been multiple facility trips caused by pressure drops resulting from illegal offtake.

This is more than Nigeria losing money from lost production, costly repairs and

clean-up and facility down-time. It is sad story of consistent pollution of farmlands and rivers by people, who are not bothered by the effects of their actions on the environment.

If you talk to any of the international oil companies (IOCs) or any operator in the Niger Delta, I am sure they have similar stories to tell, but on a smaller scale than that of Shell, because of our footprints in particular. This is very worrisome.

It is difficult to sustain production in the circumstance, as we have to shut down when a facility fails and fix the cause before restarting. This happened three times just between January 26 and 30, 2012.

We have increased surveillance of the route, so we can detect crude theft and respond early to spills, but what is urgently needed is robust intervention at federal, state and local government levels. We need increased patrols of creeks and waterways, removal of illegal offtake points and dismantling of illegal refineries.

The best we (Shell) can do is to continue to play a strong advocacy for change, a strong advocacy for enforcement of the rule of law, a strong advocacy to make sure that the government security agencies, who are

protecting these strategic national assets, are effective.” (Shell Chief, 2012:11).

Concurring, Ian Craig, Shell’s Director for Sub-Saharan Africa told an oil and gas conference in Abuja on February 21, 2012 that thieves were stealing about 150,000 barrels per day by bunkering or cutting right into pipelines to steal oil. He opined that theft and mismanagement are ruining Nigeria’s oil industry and that Nigeria, which pumps 2.4 million barrels of oil a day, could produce four million barrels daily, if theft is eliminated and the industry is better managed. He concluded that the greatest challenge faced by the company is the massive organized oil theft ring and the criminality and corruption which it fosters. This, he said, drives away talent, increases costs, reduces revenues to both investors and the government and results in major environmental impacts (NNPC, Shell, 2012:1).

Indeed, between May 23 and August 1, 2012 alone, the following incidences of oil bunkering and vandalization were reported in some Nigerian newspapers:

“Police smash pipeline vandals’ syndicate” (2012:12). *The Nation*. May 23.

“Reps to go tough on oil thieves” (2012:7). *The Nation*. May 23.

“Illegal refineries: DHQ to probe allegation against JTF” (2012:10). *Daily Sun*. May 24.

“NIMASA task force intercepts boat on illegal mission” (2012:61). *Daily Sun*. May 25.

“NEITI takes corruption in oil sector to ICPC” (2012:19). *Daily Sun*. May 25.

“Imoke leads raid on oil bunkering haven” (2012:10). *Saturday Sun*. May 26; *The Nation*. (2012:6) May 26.

“NNPC, partners behind oil theft – JTF” (2012:51). *Daily Sun*. May 29.

“Illegal refineries: Navy hand over suspects to EFCC” (2012:10). *Daily Sun*. May 30.

“Soldiers parade 65-year-old mum, 56 others: Destroy 2,000 illegal refineries” (2012:57). *The Nation*. June 5.

“Pipeline rats caught with loaded buses of PMS” (2012:31). *Daily Sun*. June 7.

“70 Illegal Refineries Uncovered in Delta” (2012:7). *The Nation*. April 14.

“4 Pipeline Vandals in Police Net” (2012:8). *Daily Sun*. May 17.

“EFCC takes over illegal bunkering vessel with 1m litres oil” (2012:3). *The Nation*. May 18.

“JTF arrests oil thieves in Bayelsa community” (2012:11). *Sunday Sun*. May 20.

“FG sets up task force to combat illegal bunkering” (2012:51). *Daily Sun*. May 21.

“Agency raises alarm over oil theft” (2012:7). *The Nation*. May 21.

“Another 200 illegal refineries discovered” (2012:6). *Daily Sun*. May 21.

“Fed Govt worried over alarming rate of theft, says Diezani” (2012:15). *The Nation*. May 22.

“JTF behind illegal refineries” (2012:7). *Daily Sun*. May 22.

“JTF destroys illegal bunkerers’ 3,000 plastic drums, warehouse in Delta” (2012:10). *Daily Sun*. May 22.

“In Abia, soldiers wage war against illegal refineries” (2012:17). *Daily Sun*. June 7.

“JTF arrest 33 oil theft suspects destroys 12 illegal refineries in Rivers, Bayelsa” (2012:10). *Daily Sun*. June 13.

“Crude oil theft: JTF kills 6 sea pirates in gun battle” (2012:10). *Daily Sun*. June 25.

“EFCC arraigns 2 over illegal bunkering” (2012:11). *Daily Sun*. June 29.

“Oil bunkering, terrorism bane of investment – Linda Chalker” (2012:12). *Saturday Sun*. July 7.

“JTF destroys 2 oil bunkerers’ vessels in Bayelsa” (2012). *The Nation*. August 1.

“Illegal bunkering: Navy impounds vessel in Port Harcourt” (2012:61). *The Nation*. July 7.

“Police arrest suspected pipeline vandal” (2012:6). *The Nation*. July 17.

“Nigeria’s illegal oil refineries” (2012). *The Nation*. July 27.

“Abuja and the crude oil thieves” (2012). *The Nation*. July 31.

Reps, Agip de cry oil theft, illegal refineries in Niger Delta. *Daily Sun*. July 31.

“NNPC, Govt agencies to check crude theft” (2012). *The Nation*. August 7.

An idea of the magnitude of the colossal loss to Nigeria and the oil companies from these activities can be gleaned from the following reports:

“Shell loses 43,000 barrels to crude oil theft, says MD” (2012:53). *The Nation*. May 14.

“Nigeria loses 150,000 bpd, \$5bn to thieves” (2012:9). *Daily Sun*. May 14.

“Nigeria loses \$7bn to oil thieves yearly, says Diezani” (2012:5). *The Nation*. May 19; *Daily Sun* (2012:51) May 21.

“Odiegwu, Mike (2012). “Niger Delta: Bunkering and ‘Crude Cooking of Crude’.” May 20. Online.

“Huge loss to illegal refineries” (2012:1, 15). *Daily Sun*. May 21.

“Nigeria loses ₦1.3tr to oil thieves” (2012:3). *Daily Sun*. May 25.

“Ribadu: Nigeria loses 200,000 bpd to theft” (2012:2). *The Nation*. May 25.

“Oil theft and the economy” (2012:18). *Daily Sun*. May 28.

“Nigeria loses \$8bn to illegal oil bunkering” (2012:19). *Daily Sun*. June 27.

“Oil bunkering, subsidy allocation cost Nigeria \$14bn in 2011 – Okonjo-Iweala” (2012:47). *Daily Sun*. June 27.

“NNPC loses ₦7.61 bn to vandals in Abia” (2012:8). *Daily Sun*. July 11.

It is activities like these which made a commentator to lament:

Oil bunkering, an illegal oil business that thrives mostly in the oil producing states of the country, has in recent times, reached its crescendo, causing unprecedented damage to the economy of the Nigerian nation (Abia, 2012:17).

Worried about the rising incidents of illegal oil bunkering in Nigeria, the administration of former President Olusegun Obasanjo, in 2001 set up a Special Security Committee on Oil Producing Areas to, among others, identify the causes, possibly those behind the act and then proffer solution to the problem. The committee, in its report had noted that a **“major threat to the oil industry arises from activities of a ‘cartel or mafia’, that comprises highly placed and powerful individuals within the society, who run a network of agents to steal crude oil and finished produce from pipelines in the Niger Delta region”**. In 2012, over 111 bunkering sites were destroyed in the Niger Delta (Ugwuanyi, 2012:13).

Similarly, the American Ambassador to Nigeria was reported by Wikileaks to have also revealed that: **“no other major oil-producing country... loses as much revenue from illicit bunkering as Nigeria, largely because the political elite, militants, and communities profit from such operations”** (Fundamentals, 2009; National Security, 2011:56).

The same fact was echoed by Nuhu Ribadu recently when he said: “Nigeria is the only country where crude oil is stolen. It is very sad. The theft of crude oil is a terrible thing in Nigeria; it is giving us a bad name and a bad image. We need to address that” (Ribadu, 2012:2). The same concern was expressed by President Goodluck Jonathan on July 23, 2012 when he said that Nigeria is the only oil producing country with a record of crude oil theft. He said: It is embarrassing that it is only in

Nigeria that crude oil is stolen. It is very bad news and I believe that Nigerians and foreigners who indulge in the act need to put their heads under the pillow. We are not the only oil producing country. Why is it that it is only in Nigeria that people steal crude oil? This must stop. We will be decisive in putting an end to this malaise (Jonathan Vows, 2012:55). Indeed, for sometime now, even Nigerian State Governors have been expressing concern over the declining earnings into the Federal Account due to crude oil theft. (Abuja, 2012:40).

Finally, concerned about the extent, ominous and recurrent nature of crude theft in Nigeria over the years, a writer concluded that the phenomenal happening is **“One Headache Too Many”** (Amenze-Nwachukwu, 2011:1).

It is instructive to conclude that more than 75% of oil spill incidents and more than 70% of all oil spilled from SPDC facilities in the Delta between 2006 and 2010 were caused by sabotage, theft and illegal refining (Iba, 2011:1). Perhaps, the whole situation is best summarized by a commentator when he said:

More worrisome is the fact that in over five decades of oil exploration in Nigeria, the government cannot say the actual volume of oil being lifted by oil companies from Nigerian oil fields, as the NNPC, the Department of Petroleum Resources (DPR), the agency that regulates activities in oil and gas sector, as well as the Central Bank of Nigeria (CBN) often release conflicting figures. In 2009, the House of Representative Ad hoc Committee that probed the operations of the NNPC and its subsidiaries had alleged that Nigeria lost

about \$1.87billion between 2004 and 2007 alone due to manipulation of prices of crude oil exported by the country. Between 2007 and 2008, the country was said to have lost between \$1.8 and \$2.5 billion of crude to theft yearly, while estimated 200,000 barrels of crude oil were said have been unaccounted for daily. Shell, in 2009, put the cost of crude oil theft in Nigeria at £1.1bn a year – according to a report by Sunday Times. As much as 100,000 barrels of crude oil or five percent of Nigeria's oil production was reportedly being stolen or smuggled from Nigeria everyday, the report said, citing estimates from Shell. The oil giant was quoted in the report to have said that the theft of oil in Nigeria ranged from 20,000 to 100,000 barrels per day but may have peaked at more than this. In one of its recent reports, the Extractive Industry Transparency Initiative (NEITI) had pointed out that the nation's daily oil production records were not captured properly by the two responsible Federal Government's regulatory agencies, the NNPC and the DPR. The agency had described records of the country's crude oil production and export as completely vague, regretting that after over 58 years of oil production activities, the country still does not know exactly how much oil it produces (Amanze-Nwachukwu, 2011:20).

From the foregoing and various other authoritative sources, therefore, certain categorical issues that arise about crude theft in Nigeria can now be summarized as follows: (a) Crude oil theft remains the single most critical challenge facing the oil industry in Nigeria; (b) Nigeria is the main bunkering country in Africa and indeed, the world; (c) Thefts of crude oil accounts for, perhaps, 10% of Nigeria's daily production in a highly organized and profitable operation; (d) The loss to the Nigerian government from oil theft amounts to figures in the order of US \$750 million to \$1.5 billion annually, and perhaps, more; (e) The total value of stolen crude lost to the Nigerian economy from stolen crude and disrupted production between 2003 and 2008 stood at about ₦14 trillion or approximately \$100 billion USD; this is a rough estimate since the Nigerian government does not keep statistics of stolen crude and shut-in production nor between losses through bunkering and losses through forged bills of lading; (f) **“How much oil is stolen is difficult to estimate and varies according to the source.** In 2009/2010, there were 155 reported incidents of crude oil theft from SPDC facilities that involved vandalism, spills, fire or arrests (there were 211 in 2008/2009). In 2010, authorities arrested 187 people and seized, among others, 20 tankers, 15 vehicles, 28 barges and 38 other boats. These almost certainly represent a small fraction of the true scale of the problem” (Operating Environment, 2011:1); (g) A recent account put the loss of Nigerian government to illegal oil theft at \$7.7 billion per day. This was calculated based on estimate of USD \$7.7 million on every 100,000 barrels loss per day (Opara, 2010; Garuba, 2010:14); (h) Wikileaks recently put the huge loss that Nigeria sustained from illegal oil bunkering at about 91 million barrels of oil per annum (Emine, 2012:16); (i) The Nigerian government is far more severely affected by the theft than the oil companies, since the government share

of revenue from each barrel of oil is much higher than that of the private shareholders in the joint ventures that produce most of Nigeria's oil (Amenze-Nwachukwu, 2011:24); and (j) Crude oil theft is a criminal activity that not only negatively impacts the foundations of the Nigerian petroleum industry, it also has significant ramifications for security, democracy and the environment. Summarizing the oil theft situation in Nigeria over the last decade, a commentator wrote:

Oil theft has become protracted over the years. Despite being illicit, the trade is thriving, with the nation losing billions of dollars in revenue. All efforts to stop the illegal trade appear to have failed. The government has adopted coercion and moral suasion, to no avail (Ugwuanyi, 2012:12).

INCIDENCE AND EXTENT OF PIPELINE VANDALIZATION

The incidences and extent of oil pipeline vandalization in Nigeria have been ominous, extensive and frequent. Indeed, in recent years, Nigeria has experienced increased pipeline vandalism. For example, not long ago, the Independent Petroleum Marketers Association, decried the spate of vandalization of production pipelines. The Association's President, in a submission to the House of Representative Committee said pipeline vandalization **"had led to the non-functioning of many depots in the country."** **"There seems",** he added, **"to be no effective anti-vandalization programme on the part of the Federal Government/ PPMC to check or control the menace."** Events seem to support the assertion. Some sampling of incidences are, therefore, in order.

In spite of the various security and human measures that have been put in place in Nigeria to curtail the problem, statistics on oil pipeline vandalization remain staggering. In 1999, for example, there were 524 cases of oil pipeline ruptures, 27 of which were due to natural causes, namely, wear and tear arising mainly from corrosion, while the rest, 497, were due to vandalization. In the first six months of the same year, 400 oil pipeline ruptures had occurred, 382 of which were due to willful vandalization. By the end of that year, according to PPMC projections, cases of oil pipeline vandalization in the Niger Delta area were expected to rise to 764. The pipeline rupture at Atlas Cove, Lagos sometime ago indicates that forecast and spread of the ruptures may even be ahead of PPMC projections (Brume, Undated:1).

Furthermore, Shell Company recorded a total of 235 oil spill in 1995; 330 in 2000; and 224 in 2005. In 2006, the same company recorded 241 oil spill incidents. Of this number, sabotage accounted for 165 (69%). Indeed, for the period 1995 to 2005, Shell recorded a total of 2,944 oil spill accidents resulting in a total of 377,194 lost volume in barrels (bbl) (see Table 3) (Yo-Essien, Undated). From available statistics, a total of 9,107 oil spill incidents occurred in Nigeria between 1976 to 2005 resulting in about 3,121,909.8 barrels of oil spilled into the environment (Yo-Essien, Undated). In commenting on this, the same writer said:

Oil spill incidence through pipeline vandalism appears to be peculiar to Nigeria and has become rampant in recent times...

Table 4: Oil Spill Data: SPDC 1995 – 2005

Year	Number of Spills	Volume in Barrels (bbl)
1995	235	31,000
1996	326	39,000
1997	240	80,000
1998	248	50,000
1999	320	20,000
2000	330	30,100
2001	302	76,960
2002	262	19,980
2003	221	9,916
2004	236	8,317
2005	224	11,921
Total	2944	377,194

Sources: SNAR, 2005; Yo-Essien (Undated).

According to the NNPC, from 2009 to 2010, there were 16,083 pipeline break-ins in Nigeria; 97.5% of which was due to the activities of vandals (NNPC Reveals, 2010:1).

As earlier alluded to, in 1999, there were 524 cases of oil pipeline ruptures in the country, 27 of which were due to natural causes, namely, wear and tear arising mainly from corrosion, while the rest 497 were due to vandalization. In the first six months of 2000, four hundred oil pipeline ruptures occurred, 382 of which were due to willful vandalization. By

the end of the year, cases of pipeline vandalization in the Niger Delta rose to 764 (Brume, Undated).

Indeed, vandalization of pipelines became a major national issue on July 10, 2000 when more than 1000 villagers were killed in Jesse, Delta State, while scooping fuel from vandalized pipes. On November 30, 2000 a ruptured petrol pipeline caught fire at Ebute near Lagos. At least 60 people were killed in the incident.

Similarly, according to a report by the Petroleum Product Marketing Company (PPMC), a subsidiary of NNPC, 12, 770 cases of vandalization were recorded between 2007 to 2007, resulting in Nigeria loosing ₦150.5 billion in revenue in eight years (Nigeria Records, 2008). The report indicated that the highest number of vandalization was in 2006 with 3,674 cases with Nigeria loosing ₦36.646 billion in the process. The highest loss of ₦42.102 billion occurred in 2005 occasioned from 2,237 cases of vandalization. In addition, ₦10.121 billion was lost from 984 cases of vandalization in 2000. In 2001 and 2002, pipelines were vandalized 461 and 516 times, resulting in Nigeria loosing ₦3.867 billion and ₦7.971 billion, respectively. In 2003, there were 779 cases of pipeline vandalization with ₦12.986 billion loss in revenue; while in 2004, 895 cases were recorded resulting in ₦19.66 billion loss. There were 3224 cases of pipeline vandalization in 2007 which cost Nigeria ₦17.24 billion in lost revenue (Nigeria Records, 2008).

The PPMC report attributed the high level of vandalization of its pipelines to political, socio-economic reasons in the Niger Delta. It suggested that the way out of the problem was **“to repair and rehabilitate crude oil supply pipeline from Escravos to Kaduna”** (Nigeria Records, 2008).

Other pipeline incidences were also reported for other years. For example, on June 19, 2003, oil thefts led to the

explosion of pipelines in a village near Umuahia in Abia State in which 125 people died. Similarly, on September 17, 2004, dozens of people were killed in another pipeline explosion in Lagos after thieves tried to siphon petrol belonging to the NNPC (Nigeria Records, 2008:10-11).

Furthermore, in October 2005, a pipeline fire in the south-western Delta State of Nigeria resulted in the deaths of about 60 people. This was followed by a December attack, in which armed men in speed boats dynamited Shell's pipeline in the Opobo Channel.

In January 2006, a pipeline attack from the Brass Creek fields to the Forcados terminal forced Shell to announce a *force majeure* on Forcados commitments to end-February. Additional attacks made on the pipeline and the Forcados terminal in February made it necessary for Shell to extend the *force majeure* beyond the end-February date.

Shell estimates that 455,000 bbl/d of its Oil production is currently shut-in because of the attacks. A February 2006 attack on the Escravos pipeline, that supplies oil to the Warri refinery, caused the refinery to shutdown. Officials are unsure of how long it would take to repair the damage. Nigeria had re-commissioned the Escravos-Warri pipeline in January 2005 after 18 months of repairing the damage caused by sabotage during the 2003 Niger Delta Crisis.

In February 2006, the Movement for the Emancipation of the Niger Delta (MEND) took responsibility for the kidnapping and for blowing up a crude oil pipeline owned and operated by the Royal Dutch Shell (Oil and Gas, 2006:19-20). Furthermore, on April 13, 2012, a crude oil pipeline owned by Italian oil and gas group Eni was attacked also by MEND in Bayelsa State. The militants warned of more attacks to come (MEND, 2012:7).

Similarly, a pipeline explosion at Inagbe Beach in Lagos area killed more than 250 people on May 12, 2006 while on December 26, 2006, about 269 bodies were recovered from the scene of pipeline fire in Abule Egba, near Lagos (Nigeria Records, 2008:10-11).

In addition, on May 21, 2008, the *Vanguard* indicated the willingness of the Federal Government to hire militants in the Niger Delta to check the constant vandalization of oil pipelines (Nigeria: Pipeline, 2008:1). In like manner, on August 8, 2011, the *Daily Trust* reported that **“Nigeria: Niger Delta People Cautioned Against Pipeline Vandalization”** (Nigeria: Niger, 2011:1).

Similarly, the Nigerian National Petroleum Corporation (NNPC) says the sabotaging of its pipeline systems nationwide has complicated the free flow of refined petroleum products, crude oil and gas supply, resulting in over ₦174.57 billion in product losses and pipeline repairs within the last 10 years (2000 – 2010). Making a case for improved security coverage for the corporation’s pipeline facilities, Mohammed Barkindo, the NNPC’s former group managing director, said: **“The combined working capacity of all the 21 Pipelines and Product Marketing Company (PPMC) depots nationwide, excluding holding capacities at the refineries, can provide products sufficiency of up to 32 days for petrol, 65 days for kerosene and 42 days for diesel. But the activities of the pipeline vandals have made it impossible for the facilities to function full blast.”** (Bala-Gbogbo, 2010:1-2; Kalejaye, 2011:9-10).

According to data from the NNPC, a total of 16,083 pipeline breaks were recorded between 2000 and 2010. Of the lot, 398 pipeline breaks (2.4 per cent) were as a result of ruptures. Pipeline vandals accounted for the remaining 15,685 breaks (97.5 per cent) of the total number of cases. Continuing, Mr. Bakindo, said: **“According to records, the System 2E/**

2EX, which conveys products from the Port Harcourt refinery to Aba- Enugu-Makurdi depots onwards to Yola-Enugu-Auchi, appears to be the haven of pipeline vandalism in the country, particularly the Port Harcourt-Aba/Isiala-Ngwa axis.”

In total, 8,105 breaks were recorded along the system 2E within the period. This represents about 50.3 per cent of the total number of petroleum products pipeline breaks in the country, amounting to ₦78.15 billion in product losses and pipeline repairs. (Bala-Gbogbo, 2010:1-2; Kalejaye, 2011:9-10). **“The System 2A product pipeline route, which conveys products from Warri-Benin-Suleja/Ore depots, ranks second on the scale of pipeline break points, with 3,259 cases representing about 20.2 per cent of the total volume of products pipeline breaks in Nigeria.”** This amounted to a loss of over ₦20.39 billion in products and pipeline repairs. The System 2B, which carries products from the Atlas Cove-Mosimi-Satelite-Ibadan-Ilorin depots, recorded 2,440 breaks leading to a loss of over ₦73.6 billion in products and pipeline repairs. But the pipeline attacks were not limited to refined petroleum products alone. Crude oil and gas pipelines were not spared either. The NNPC boss explained that the incessant attacks on the Trans-Forcados Pipeline (TFP) had rendered the TFP out of service since May 2009, **“making it impossible to evacuate crude oil/ condensate from some Shell operated facilities. Currently, over 300,000 bpd and 140mscfd is deferred and about 55 vandalized points so far repaired at a cost of ₦11 billion,”** he said.

The NNPC also said it spent over \$42.952million or ₦6.4 billion to execute a two-phase repair work on 74 damaged points in System 2C-1 along the Escravos–Warri crude oil pipelines, to enable the start up of the Warri and Kaduna refineries. Mr. Bakindo concluded: **“Crude oil was introduced**

into the Warri-Kaduna segment on the ninth of February. Since then, 47 line breaks for crude theft have occurred on this segment, resulting in condensate loss and repairs at an additional cost of ₦1.66 billion.” Indeed, the NNPC indicated that over 5000 cases of willful act of pipeline vandalism were recorded at the end of 2010 nationwide (Bala-Gbogbo, 2010:1-2; Kalejaye, 2011:9-10).

Furthermore, on October 6, 2011, the SPDC Trans-Farcados Pipeline was sabotaged, resulting in the declaration of *force majeure* on the company's Farcados crude oil exports. The same company had also declared *force majeure* on its Nigerian Bonny Light crude oil loadings for June and July of the same year due to production cutbacks caused by leaks and fires on its Trans-Niger Pipeline (TNP). In the same October, 2011, there was recurrent pipeline vandalization in Asa, Ohaji/Egbema Local Government Area in Delta State (FG Wades, 2011). In the same vein, in February 2012, 4 men were arrested in Kwara State for vandalizing petroleum pipelines along Ajaawa-Ogbomosho – Ilorin Expressway; and for disrupting the flow of PMS from Oyo to Kwara, which is the main source of petrol to Kwara State. The vandal's truck which was laden with 15,000 litres of petroleum product was impounded by the State Security Service (SSS) operatives (4 in trouble, 2012:29). In the same month, soldiers in Edo State arrested 4 persons for vandalizing pipelines at Ikpeshi in Akoko-Edo Local Government Area (Soldiers, 2012:56). Finally, in the same February of 2012, Lagos area fishermen who constitute local security outfit against vandalization of NNPC pipes alleged that foreigners (mainly from Ghana, Togo and Benin Republic) in collusion with some Nigerians were behind most of the vandalization of the pipelines located in the high seas (Foreigners, 2012:40).

It is clear that the vandalization of pipelines is widespread and extensive in Nigeria. What is reported here is just a snippet of the problem or a tip of the iceberg on the matter. It is a drop in a bucket: indeed, the widespread nature of the problem is generally under-reported by all and sundry. The problem is more pervasive and extensive than is even known, reported, comprehended or contemplated.

CHAPTER SEVEN

CONSEQUENCES AND IMPACT

There are complex and extensive systems of pipelines across the Niger Delta region and many other parts of Nigeria, which are the hub of the oil exploration and production in Nigeria. Over the years, it has been observed that thousands of oil have been spilled into the environment through oil pipeline and storage facilities failures and sabotage/vandalization in Nigeria. In writing on this, a commentator said:

The enormous oil installations deployed in the Niger Delta region explains their vulnerability to vandalism. Presently, the Niger Delta region plays host to 600 oil fields of which 360 fields are onshore while 240 are offshore with over 3000 kilometers of pipelines crisscrossing the region and linking some 275 flow stations to various exports terminals. It is pertinent to note that oil spills resulting from pipeline vandalism has continued to be a challenge, with most incidents along major pipelines and manifolds (Yo-Essien, Undated).

Oil spill incidents due to pipeline vandalization has increased rather than abate in Nigeria; and is a major source

of concern to government, oil companies and other stakeholders. Indeed, the vandalization of oil pipelines have serious negative implications for the government, oil companies and other stakeholders. The grievous consequences of oil pipeline vandalization, underscores the enormity of the problems caused by the phenomenon.

The consequences of these pipeline vandalizations have been far-reaching. For example, the pipe-breaks reported by the NNPC complicated the free-flow of petroleum products and crude supply in the pipeline system leading to a colossal cost of over ₦174.54 billion in product loss and repairs of products pipeline within the period (How Pipeline, 20p:1). Indeed, across Nigeria in the last 20 years, the country has lost billions of dollars to the activities of petroleum products pipelines breaks. In monetary terms, the amount is even incalculable.

In human terms, pipeline vandalization has led to explosions, which has claimed many lives and damaged properties whose monetary value cannot be quantified. The phenomenon has also had a major adverse impact on public health. For example, in the Escravos blowout disaster in 1980, one hundred and eighty people (180) died; and 200 lost their lives in Ilado, Lagos in 2006. The Abule-Egba tragedy of the year 2006 and that of Ijegun in 2008 in Lagos State left many families bereaved and in agonies (Nigeria: We Have, 2011:1).

Similarly, as many as 200 people were burnt to death and dozens of others injured in May, 2006 when a gasoline pipeline exploded in a Nigerian seaside village, Inagbe, near Lagos. Before then, on October 17, 1998, 1000 Nigerians died when they attempted to collect spilled gasoline from a vandalized pipeline in Jesse, Delta State (Nigerian Gas, 1998:32). In addition, no fewer than 40 people were burnt to death in Ebute, Lagos State on November 30, 2000 in the process of

siphoning fuel from broken pipelines (Pipeline Vandalism, 2000:1).

Pipeline vandalizations have also posed environmental problems in Nigeria. Oil spills from pipeline damage have not only damaged, polluted the environment, air ecosystem and land, it has also endangered the lives of aquatic animals, degraded the soil and waterways, farmlands, agricultural production, precipitated food crisis, fire-out-breaks, cut down on electricity power supply, been a major source of cost to repair and replacement of infrastructure, led to shut down oil fields (resulting in deferment of thousands of oil each day, brought about loss of manpower, productivity and job opportunities, and work man-hours. It has also been a principal cause of loss of revenue and has negated government's ability to deliver public health and services; as well as hindrance to the attainment of the country's millennium development goals. From the foregoing, therefore, it is very clear that pipeline vandalization is a serious threat to national and human security, wealth, socio-economic stability and development (see Tables 3A and 3B below).

Given Nigeria's heavy dependence on oil exports for survival, the nefarious activities of pipeline vandals also negate the capacity of government to generate resources needed to execute its responsibilities and finance development projects. This has consequently cut off the arteries and veins that supply the life-blood and drive of the national economy, sapped the country's strength and power, contributed to the destruction of lives and property, brought about poverty, communal strife, unemployment, arms-for-violence proliferation, environmental unsustainability and political instability in the country in general and the oil-bearing Niger Delta region in particular (Onuoha, 2007:108-109).

Brume (undated) succinctly summarized the impact and consequence of oil pipeline vandalization as consisting of three things: Economic, Human, and Environmental. He explains that when oil pipeline is damaged it results in or causes fuel shortages, damaged equipment and infrastructure, oil spillage, huge financial costs, fire disasters with terrific consequences and destruction of land, marine, human and aquatic life. Indeed, he concludes that when pipeline damage occurs, the nation, oil companies, the public other stakeholders suffer substantial financial, economic, environmental and human costs (Brume: 3-4).

Table 5: Some cases of oil pipeline vandalisation and associated fire disaster in Nigeria, 1998 – 2006

S/ No	Date	Location	State	Death toll	Observed consequences
1.	17 October 1998	Jesse	Delta	At least 1000	Damage to farmlands, environmental pollution, dozens of people injured
2.	22 April 1999	Bayana, Ijaw Community	Delta	At least 10	Damage to farmlands, pollution (air and water)
3.	8 June 1999	Akute Odo	Ogun	At least 15	Damage to farmland (land and air pollution)
4.	13 October 1999	Ekakpamre, Ughelli	Delta	Undetermined	Damage to farmland, destruction of flora and fauna, environmental pollution

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5.	14 January 2000	Gana Community	Delta	At least 12	Damage to farmlands and the environment
6.	7 February 2000	Ogwe Community	Abia	At least 15	Damage to farmlands and the environment
7.	20 February 2000	Lagos	Lagos	At least 3	Damage to farmlands, destruction of a canoe, environmental pollution
8.	14 March 2000	Umugbede Community	Abia	At least 50	Environmental pollution, damage to farmlands
9.	22 April 2000	Uzo-Uwani	Enugu	At least 6	Damage to farmlands, environmental pollution
10.	3 June 2000	Adeje	Delta	Undetermined	Damage to forest, destruction of a high-tension power cable of two electricity plants, youths/ police clash
11.	20 June 2000	Okuedjeba	Delta	Undetermined	Damage to farmlands, environmental pollution
12.	10 July 2000	Adeje/ Egborode, Okpe	Delta	At least 150	Damage to farmlands, environmental pollution

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13.	10 July 2000	Oviri Court	Delta	At least 300	Damage to farmlands, environmental pollution, dozens of people injured
14.	5 November 2001	Umudike	Imo	At least 3	Several burnt bicycles, more than 17 people injured
15.	19 June 2003	Onitcha Amiyi-Uhu	Abia	At least 125	Dozens of people injured, damage to farmland
16.	6 January 2004	Elikpokwodu	Rivers	Undetermined	About 200 hectares of farmland and properties worth millions of Naira destroyed
17.	30 July 2004	Aghani	Enugu	At least 7	Several people injured, environmental pollution
18.	16 September 2004	Ijegan	Lagos	At least 60	Air and water pollution
19.	December 2004	Imore Village	Lagos	At least 500	Environmental pollution
20.	30 May 2005	Akinfo	Oyo	At least 1	34 persons were injured, 15 died after eleven days
21.	13 January 2006	Iyeke	Edo	At least 7	Six persons injured, damage to farmland, environmental pollution.
22.	12 May 2006	Ilado Village	Lagos	At least 150	Pollution of water, incineration of everything within a 20 metre radius, dozens of people injured.

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23.	2 December 2006	Ijeododo	Lagos	At least 1	Environmental pollution, damage to farmland.
24.	26 December 2006	Abule Egba	Lagos	At least 500	Incineration of 40 vehicles, a dozen homes including a mosque and two churches, and innumerable business ventures comprising auto mechanic workshops, a saw mill and network of timber shops.

Source: Compiled by Onuoha, 2007:104 from various newspaper reports.

Table 6: A Diary of Disasters: July 10, 2000 to July 12, 2012

S/N	Date	Diary of Disasters
1.	July 10, 2000	A pipeline explosion killed 250 villagers in Jesse, Delta State.
2.	July 16, 2000	At least 100 villagers died when a ruptured pipeline explodes in Warri.
3.	November 30, 2000	A leaking oil products pipeline catches fire at a beachhead in Ebute near Lagos, killing at least 60 people.
4.	June 19, 2003	An oil pipeline punctured by thieves explodes north of Abia state capital Umuahia, killing 125 villagers.
5.	September 17, 2004	Dozens of people are killed in a pipeline explosion in Lagos after thieves tried to siphon petrol belonging to NNPC.
6.	May 12, 2006	A pipeline explosion at Inagbe Beach on the outskirts of Lagos kills more than 250 people.
7.	December 26, 2006	Several hundred people are burned alive when fuel from a vandalized pipeline explodes in the Abule Egba district of Lagos. Nigerian Red Cross says 269 bodies retrieved.
8.	December 26, 2007	At least 45 people burned to death on the outskirts of Lagos when fuel they are siphoning from a buried pipeline catches fire.

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9.	May 15, 2008	At least 100 people killed and scores injured when fuel from a pipeline ruptured by an earthmover exploded in a village near Lagos, the Red Cross says.
10.	July 12, 2012	At least 100 people died and over 100 in critical conditions in Okogbe, a village in Ahoada West Local Government Area of Rivers State while scooping fuel from a fallen petrol tanker.

Source: Modified from data in *The Nation* (2012:4). July 13).

CHAPTER EIGHT

CHARACTERISTICS AND MAIN FEATURES

Nigeria, as we have seen, is Africa's most populous country and largest and leading producer of crude oil. As the world's 7th largest exporter of petroleum, more than 90% of the country's national income comes from oil earnings. Consequently, the country's economy relies heavily on revenue from crude oil. Unfortunately, oil theft and its associated crime of pipeline vandalization is a widespread and monumental problem adversely affecting its revenue base and national prosperity and development. What then are the characteristics and main features of the phenomena?

“Bunkering,” a local term for oil or gasoline theft, is common in the swampy Niger Delta, where thieves use barges and tankers to transport petroleum products to sell. Indeed, Human Rights Watch (2005) has defined oil bunkering as **“the illegal tapping directly into oil pipelines, often at manifolds or well-heads, and the extraction of crude oil which is piped into river barges hidden in small tributaries. The crude oil is then transported to ships off-shore for sale, often to other countries in West Africa but also to farther destinations.”**

The oil-bearing Niger Delta where oil-bunkering and pipeline vandalisation predominantly take place consists of 9

States: Edo, Delta, Bayelsa, Rivers, Cross River, Akwa-Ibom, Abia, Imo and Ondo. But the core Niger Delta States are Rivers, Bayelsa and Delta.

The Niger Delta region is one of the poorest in Nigeria and definitely the most neglected in developmental/ economic terms. The region harbours the bulk of Nigerian oil but only 13% of the national oil revenue is paid to the oil-bearing states.

The Niger Delta covers a land mass of 29,100 square kilometres or about 3.2% of the total Nigerian landmass. The Niger Delta accounts for about 93% of Nigeria's export earnings and provides the economic lifeline that sustains the Nigerian nation.

The US gets 1-2 million barrels of oil per day from the Niger Delta. The 30 million people who live in the Delta have seen little of the nearly \$1 trillion dollars in oil revenue which have flowed out of the Delta since oil drilling began there in 1956.

Oil bunkering and pipeline vandalization thrive in the Niger Delta region but also in the other states of the federation where there are oil installations and wherever the petroleum products run through. Though youths from the other region participate in the illegalities, the focus has always been on the Niger Delta region because of the volume of the activities of bunkerers and vandals carried out in the region and as a result of its proximity to the oil installations in the area. As Evoh noted: **"Suffice it to note that incidents of pipeline explosion and vandalism, which were formerly confined to the oil-producing communities in the Niger Delta area is spreading to all parts of Nigeria where pipelines are laid"** (2009:51).

Oil theft is an emerging form of commodity theft. Pipeline vandalization is a crime. The *modus operandi* of oil thieves and vandals is to sabotage the pipelines in order to gain access to illegal crude which they sell in the black market.

On the other hand, government agents often arrest culprits and discourage their nefarious activities by destroying the instruments they employ to carry out these activities. In the words of a military officer: “We burn the boats and the refineries to discourage the proliferation of this illegal trade and to deter would-be operators from venturing into the illicit business. It costs a lot of money to build the boats and construct the barges and refineries. So when we destroy all these, we’ve destroyed their strength” (In Abia, 2012:17).

The crime of bunkering and pipeline vandalization are usually carried out through vandalized pipelines, theft and politically motivated sabotage by restive locals in Nigeria’s south east oil region who feel cheated of the wealth pumped from their land. It is not uncommon for petroleum pipelines in the country to be sabotaged as a protest for great financial assistance from the government and to collect the fuel to use and sell (Klein, 1999:32). As one oil thief puts it recently:

(Oil Theft) is a better way of surviving since some rich men are also sponsors of this trade. I know that what I did was wrong but this fuel belongs to all of us and since there is no way we can gain from it, it is better to get our share directly (Pipeline Rats, 2012:31).

Equipment that perpetrators of vandalization and oil theft use in carrying out their nefarious activities involve sophisticated arms and ammunitions, guns, bombs, explosives, dynamites/THT, ships, boats, refining camps and drums where AGO are stored, etc. Commenting on the *modus operandi* (MO) of oil thieves and vandals the Chairman of an anti-vandalization group in Ondo State said in 2011:

These vandals operate at midnight. They usually come with big canoes. After they have broken the pipeline, they would bring cargo hose and begin to load petroleum products into the boat. Once they are through, they would enter the high sea to Republic of Benin or Igbokoda in Ondo State. These two places are major black market for petroleum products... They normally operate after sea hazards when the sea is calm. Sea hazards begin in July to September. Then from November to April, the sea is calm. That is when they begin their operation – from November to April, we save at least ₦40 billion per month for the federal government (How Nigerian, 2011:26).

Various actors are involved in the nefarious criminal activities. Perpetrators include, but are not limited to common thieves, owners of illegal vessels in Nigerian waters, buyers of the stolen crude on the international market, the country's security agents, military personnel and security operatives posted to protect the pipelines, government and oil company officials working in the oil sectors, community and militant youths in the area, influential members of the Nigerian military and political class, traditional rulers, foreign ship owners and sundry other petty and big time players who make it difficult to tackle the problem ultimately. These actors often sabotage pipelines in order to gain access to crude; the stolen crude and illegally refined petroleum products are regularly exported and also sold on the local black market (see Tables 7 and 8).

Recently, the Chairman, Local Security on Vandalization of NNPC Pipelines in Ondo State narrated how Nigerian security men collude with foreigners to vandalize NNPC pipelines and steal petroleum products. He said:

In the course of our job, we usually come into contact with oil thieves, that is those who vandalize NNPC pipelines to steal petroleum products when we see them but, shockingly most of them were foreigners coming in to vandalize and siphon our oil. They work hand in hand with Nigerian security operatives... these vandals have some people in the nation's security aiding and abetting them (How Nigerian, 2011:26).

Indeed, according to Asuni (2009:1), the enabling environment for illegal oil bunkering includes high levels of unemployed youths, armed ethnic militias, ineffective and corrupt law enforcement officials, protective government officials and politicians, corrupt oil company staff, established international markets for stolen oil, and the overall context of endemic corruption.

Perpetrators of the crime include the poor, the rich and powerful but the preponderance of involvement tilts towards the later. While the poor are generally the victims of the crime and are punished when apprehended, the rich and powerful offenders often go scot free from the hands of the law. This explains why the criminal activity continues to thrive even when the law prohibiting it exists. Note must also be made that although the majority of perpetrators are from the oil

bearing region, the majority of persons benefiting from the nefarious activity are not from the Niger Delta axis of the country (see Tables 7 and 8).

Table 7: Typology, Main Activities and Players in Illegal Oil Bunkering

Type	Main Activities	Main Players (Actors)
1. The first and least significant type involves the small-scale pilfering of condensate and petroleum product destined for the local market.	Consists of small refineries where crude is processed for local use.	This kind of bunkering is minor and conducted by local people and community leaders.
2. The second type involves stealing crude oil either by hacking into the pipeline directly or by tapping the well-head. This type of theft is much more	This consists of loading crude oil onto large ships lurking out of sight of the authorities. In return for the stolen oil, bunkerers receive money and weapons from their principals. The large tankers (carry	Large international syndicates which also handle the money laundering for the international players are involved in this operation. Niger Delta youths handle the local tapping and

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significant in terms of money involved and because the crude oil is often exchanged for illegal weapons and drugs.	between 30,000 to 500,000 barrels of crude with a possible capacity of 2 million barrels) take cargo either to spot markets in Rotterdam or to refineries in countries like Ivory Coast.	loading while international players from Eastern Europe, Russia, Australia, Lebanon, the Netherlands and France all play roles in financing, transporting and laundering the money associated with bunkered oil. Nigerian Lebanese (especially those with good political connections), top Nigerian politician and military officers (serving and retired) are heavily and actively involved in the large-scale bunkering business.
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3. The third type of illegal bunkering involves the excess lifting of crude oil beyond the licensed amount using forged bills of lading.	Stolen crude refers to oil taken from pipelines or flow stations, as well as extra crude added to legitimate cargos that is unaccounted for.	This type of bunkering involves often a number of oil company staff and Nigeria's state oil company, the NNPC, as well as top government officials who give the oil lifting contracts.
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Source: Modification of Asuni, J.B. (2009). "Blood Oil in The Niger Delta." Special Report. United States Institute of Peace. Washington, D.C.

Table 8: Typology of Pipeline Damages and Sabotage, Main Activities and Players

Type	Main Activities	Main Players (Actors)
1. Illegal oil bunkering over 10% of the oil exported from Nigeria each year has actually been illegal bunkered.	Nigeria's most profitable illegal private business in the petroleum industry. Theft of oil which involves tapping crude oil directly from the pipelines hidden from oil company inspectors. Generally carried out in the creeks. It may also involve tapping directly into pipelines at a site removed from oil company facilities hidden in small creeks under cover of mangrove forests.	Main players are the same as reflected in Table 7(2).
2. Pipeline vandalism/oil scooping. Increased to unprecedented level in 2011.	Puncturing of pipelines or the taking advantage of ruptured or leaking pipes to siphon fuel or other petroleum	Vandals, unemployed youths, common criminals, miscreants, all-comers.

Type	Main Activities	Main Players (Actors)
	products into drums, plastic containers or storage can for sale on the black market. Tools employed involved funnels, drilling tools and plastic hoses to siphon the products. In recent times, frequency of attacks and sophistication of tools used have increased.	
3. Oil terrorism militants in the Nigerian Niger Delta seeking to control a greater share of the nation's oil wealth adopt a terrorist strategy to impair the capacity of the petroleum industry to export crude oil in the hope	Deliberate attack on pipeline systems such as the blowing up of oil pipelines, installations, and platforms with explosives; and the seizure of oil barges, oil wells, flow stations, support vessels, and other oil facilities in order to prevent the exploitation and/or distribution of crude oil or its refined products.	Militias, freedom fighters, insurgents, resource control agitators and militant groups. Attacks are launched on onshore oil installations and near offshore rigs.

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that the federal government will lose the substantial revenue needed to sustain the machinery of government, and so be forced to their political, economic, and environment.		
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Source: Modification of Alawode, A.J. and Ogunleye, I.O. (2011). “Maintenance, Security, and Environmental Implications of Pipeline Damage and Ruptures in Niger Delta Region.” *The Pacific Journal of Science and Technology*. Vol. 12. No. 1. May (Spring).

Furthermore, while youths and others involved in oil theft and pipeline sabotage often fight over bunkering turfs resulting in casualties to themselves and others, the real benefactors and beneficiaries are often safely out of harms' way, enjoying their profits and benefits in their safe havens. (Asuni, 2009:5).

Crimes of oil theft and pipeline vandalism are usually carried out through vandalized pipelines, theft and politically motivated sabotage by restive locals in Nigeria's Niger Delta region who feel cheated of the wealth pumped from their land. They often sabotage pipelines as a protest for greater financial assistance from government and to collect the fuel to use and sell (Klein, 1999:32). In commenting on this, Evoh (2009:51) wrote:

Many of these attacks are sheer acts of sabotage and vandalism by disgruntled elements aimed at obstructing and disrupting oil production and distribution. Many groups use such attacks to show their disagreement and resentment to the Nigerian state and oil companies over the management of oil and oil wealth in the country. Other attacks are carried out by organized gangs working as part of oil bunkering networks. Such "networks of evil" have been traced to some insiders in various oil establishment in Nigeria.

Part of the characteristic features of the criminal phenomenon is that it thrives in a climate of instability, conflict, and political chaos, which Asuni says, Nigeria offers the perfect operating environment (2009). As alluded to above, the

bunkering route is under the control of well organized syndicate crime gangs and other criminal elements who are responsible for much of the unrest and agitation and violence in the Niger Delta region especially in the volatile states of Bayelsa, Delta and Rivers. Indeed, Evoh (2009:51-53), suggests that organized oil theft or oil bunkering has contributed significantly to petro-violence in Nigeria. He opines that rival armed youths in the Niger Delta fight over the control of territory and lucrative oil bunkering routes in the region. He maintains that many of these armed groups pose as representatives of their communities and collect money from oil companies and the government. According to Evoh, these groups are not only just involved in hostage taking of staff by oil companies, kidnapping and hijacking in the region, the largely unemployed youths are also used by organized conglomerates involved in the illegal theft and sale of crude oil or illegal bunkering. He concludes: **“With youth unemployment running at 50 percent... few unemployed youths can resist the temptation of being misused by such criminal groups.”**

Certain things appear clear as possible motivating factors in oil theft and pipeline vandalization. These are: the crimes are very lucrative businesses with high stakes and high-level involvement of people both within and outside Nigeria; the phenomena are beyond the capacity of the Nigeria to address and stem; a lot of money that could have been used to develop the Niger Delta and the Nigerian nation is lost to the enterprise; the phenomena are not only widespread but profitable to perpetrators: between N30m (\$60 million) is lost in a day to the activity; the criminal activities have international dimension to it; the need to participate in the benefits of the oil wealth they claim they are denied and the need to vent their anger encourage youths to engage in sundry malfeasances including oil bunkering and pipeline sabotage sometimes in

partnership with powerful international and local players who are in it for the financial gains in the lucrative criminal activity; oil and natural gas pollution in the Niger Delta have prevented many residents from making a living from fishing, farming and hunting and gathering, so many now live by stealing small amounts of oil from oil pipelines and selling it on the black market for food and other basic staples. Oil pipelines are vandalized in different parts of the country either as sheer sabotage of the Nigerian state and oil companies, or as part of oil bunkering and black market activities. Organized groups break and destroy pipelines to steal oil from such lines. Such criminal activities cause the country an estimated 300,000 barrels of oil per day (Evoh, 2009:49); and Nigeria is an important source of high grade/quality oil: this encourages the lucrative bunkering and sabotage business. Indeed, according to Asuni (2009:5), the exact amount of oil theft in Nigeria is unknown but is significant. In commenting on these developments, Odiegwu said:

the business of bunkering has continued. It has grown into a sprawling commercial empire that has turned people into overnight millionaires at the expense of the environment, their lives and posterity. It has grown to chains of cartel involving the elderly and the young... Indeed, the current mindset in the region is fueling the problem... "This practice is ongoing because the people believe that the crude oil is theirs, since it is within their domain. They are not happy that they have remained poor while the same oil has made many people millionaires. Besides, there is no

employment. So, it will be difficult to stop the practice”... the crime is growing in leaps and bounds... People have come to see illegal bunkering as a way of life (Odiegwu, 2012).

Other characteristic features of the phenomenon are the great losses it causes to the government, oil companies, oil-bearing communities and other domestic and international stakeholders. For example, it is estimated that over 10% of the oil exported from Nigeria yearly is bunkered with the country losing an average of 160,000 barrels of crude oil daily to oil thieves (Onuoha, 2008:104-108). Other estimates put the figures to between 30,000 and 300,000 barrels per day. Indeed, it is suggested that the total value of stolen crude lost to the Nigerian economy from stolen crude and disrupted oil production between 2003 and 2008 is put at ₦14 trillion, approximately, \$100 US billion. This is a rough estimate since the Nigerian government does not even keep statistics of stolen crude and shut-in production nor between losses through bunkering and losses through forged or under-valued bills of lading. Indeed, the Nigerian government cannot account for the legitimate or illegitimate oil that leaves the country everyday.

Consequently, the loss to the Nigerian nation which owns 55% in the joint venture with SPDC, TotalFinalElf and AGIP who are direct victims of the nefarious trade are incalculable. A recent account puts the loss of Nigerian government to illegal oil theft at \$7.7 billion per day. This was calculated based on estimate US \$7.7 million on every 100,000 barrels loss per day (Opara, 2010; Garuba, 2010:14). In sum, through crude oil theft and communal unrest, Nigeria had lost \$30 billion between 1999 and 2003. This loss meant, indirectly, a reduction in the financial ability of the government to meet people-oriented programmes, including funding of peace initiatives in the

crisis-prone Niger Delta region. This is the context the on-going reforms can be assessed (Opara, 2010; Garuba, 2010:14).

A more recent statistics is even more confounding. Estimated value of Nigeria's stolen and shut-in oil production from 2000 to 2008 (9 years) runs into over US \$114.4 billion (see Table 9, below).

Table 9: Estimated Value of Nigeria's Stolen and Shut-in Oil Production, January 2000 – September 2008

Year	Average price of Bonny Light per barrel (in USD)	Volume of oil stolen per day (in barrels)	Value of oil stolen per annum (in USD)	Volume of oil shut-in per day (in barrels)	Value of oil shut-in per annum (in USD)	Total value of oil stolen or shut-in per annum (in USD)
2000	28.49	140,000	1.5 billion	250,000	2.6 billion	4.1 billion
2001	24.50	724,171	6.5 billion	200,000	1.8 billion	8.3 billion
2002	25.15	699,763	6.5 billion	370,000	3.4 billion	9.9 billion
2003	28.76	300,000	3.2 billion	350,000	3.7 billion	6.9 billion
2004	38.27	300,000	4.2 billion	230,000	3.2 billion	6.4 billion
2005	55.67	250,000	5.1 billion	180,000	3.7 billion	8.8 billion
2006	66.84	100,000	2.4 billion	600,000	14.6 billion	17.0 billion
2007	75.14	100,000	2.7 billion	600,000	16.5 billion	19.2 billion
2008	115.81	150,000	6.3 billion	650,000	27.5 billion	33.8 billion

Source: Judith Burdin Asuni, "Blood Oil in the Niger Delta," *Special Report 229*, United States Institute for Peace, Washington, D.C., 2009: 6.

As we alluded to earlier, oil brings wealth and socio-economic development to a nation and stakeholders but it also brings with it many challenges. Crude oil theft, widely referred to as “**illegal bunkering**” in Nigeria, represents a significant economic activity with serious ramifications for Nigeria’s economy, security, democracy and environment. The widespread association of illegal bunkering with stolen oil activity obscures some of the most detrimental aspects of this large-scale, unofficial sector of the economy. Paramount in this regard are the critical issues of security which crude oil theft raises or carries with it. As noted by the Managing Director of SPDC, recently:

These continue to be challenging times in Nigeria. We are faced with many issues that impact our onshore production and increase our direct costs while impacting on the environment and the livelihoods of the people who live in the oil producing region. Just as importantly though, poverty, lack of employment opportunities, poor infrastructure, widespread criminality and other factors are contributing to a social and economic crisis in the Delta. Losses in oil and gas production lead to less revenue for the government – and this is less money that could be used for the development of the country and for the benefit of the people. More importantly though, unless and until effective action is taken to curb widespread large scale oil theft and illegal refining, some areas of the Delta will continue to

be heavily polluted with all the knock on effects this has on the people who live there (2011: Undated).

Major actors and perpetrators of crude theft are armed groups and their sponsors who have developed both the tactics and weaponry that have enabled them to launch devastating attacks on on-shore oil installations on near-off-shore rigs (see Tables 7 and 8). These groups are also involved in hostage-taking of staff of oil companies, and kidnapping in the Niger Delta. In carrying out their nefarious trade, they often use arms to maim, kill, and terrorize those who stand in their way. Consequently, organized crude theft has contributed significantly to petro-violence in Nigeria, fight over control of turf or territory and lucrative oil bunkering and other types of criminality. For example, records indicate that 128 people, mostly foreign oil workers were kidnapped between January 2008 and January 2009 alone while over 1000 people died in 2008 alone as a result of militant agitations in the region. (Presidential Amnesty, 2011:46). In 2009 and 2010, gangs kidnapped 52 and 26 SPDC employees, respectively (Operating Environment, 2011:1).

Crude oil theft in Nigeria has been responsible for fueling a long-running insurgency in the Niger Delta that has also claimed many lives. Oil theft also has fomented the armed conflict in the region, providing militant groups with funds to purchase weapons, and has increased instability in oil prices on world energy markets (Asuni, 2009). On this situation, a commentator noted:

Widespread illegal bunkering has led to control by armed bands over large areas in the oil-producing States. Some armed

groups claimed political objectives, but others remained openly criminal; all armed groups intimidated and dominated the communities in the territory they controlled, undermining traditional leadership and social structures. Militant presence in a community also made these communities more likely to become targets for military action. Tens of thousands of inhabitants fled their homes and hid in the jungle for weeks during the May offensive against militants in Delta State. The presence of armed bands also inhibited the delivery of regular government services and infrastructure, rendering the areas dominated by militants ungovernable and isolated from democratic institutions and processes. (Fundamentals, 2009).

A closely related major security issue is the resurgence of militancy in the Niger Delta which has exacerbated the crude theft problem more now than even before the 2009 amnesty programme that was extended to the militants by the Federal Government. Indeed, despite the amnesty programme, the region has continued to record hostilities while militancy still persists. For example, the recent February 4, 2012 attack on Agip Oil facility can be traced to the problem to the profit that normally accrues from crude oil theft. Commenting on this, Emine wrote recently:

Investigations have shown that illegal oil bunkering and other illegal activities are still going on in the creeks of the Niger Delta.

Investigation has also shown that combatants are still active in the creeks and there are stockpiles of arms for more attacks on oil installations (Emine, 2012:15).

To further underscore the serious security challenge that crude theft poses, records indicate that the spate of vandalism and bunkering expanded in the Niger Delta region even as the amnesty was said to be recording success. This is because, the reduction of militant activities resulted in a rise in illegal refineries and intensification of bunkering and pipeline vandalism (Emine, 2012:17-18). This situation was buttressed recently by Ugwuanyi when he said:

With the implementation of the amnesty programme, it was thought that the problem would stop because of the belief that militants were behind it. Other than stop, the trade is thriving. The sabotage has assumed frightening dimension, with more refineries springing up in various part of the Niger Delta region (Ugwuanyi, 2012:12).

Perhaps, more ominous and worrisome is the statement attributed to a spokesman of MEND who reportedly said: **“Our silence thus far has been strategic and, at the right time, we will reduce Nigeria oil production to zero and drive off our land thieving oil companies”** (Emine, 2012:15).

Similarly, a crude oil pipeline owned by Italian oil and gas group, ENI, was attacked on April 13, 2012 in Bayelsa State by the Movement for the Emancipation of the Niger

Delta (MEND). MEND, which was the main militant group prior to the amnesty, claimed the April 13, 2012 attack and warned of more to come (MEND attacks, 2012:7). It is events like these which made the Nigerian *Newsworld* to conclude that: “...**Niger Delta militancy will continue**” (Emine, 2012:4, 14-21).

Another serious issue which crude oil theft throws up is the threat it poses not only to national and human security but also to the attainment of the 8 United Nations Millennium development goals of reducing by 2015 (by half) the proportion of people living in Nigeria in extreme poverty, particularly for a country that depends heavily on oil exports for its survival.

Given that Nigeria has a mono-cultural economy that largely depends on oil export for its mainstay, oil pipelines and installations where crude oil is stolen are the arteries and veins that supply the lifeblood of Nigeria's economic wealth. Oil theft, therefore, undermines the capacity of government to generate resources needed to fulfil its responsibilities, including that of security which is government's premier responsibility. In practice, therefore, crude theft depletes the country's oil reserves, thus depriving present and future generations of Nigerians of the revenue that would otherwise accrue to government from the development of such resources. Crude theft as a consequence, not only fuels insecurity, it also promotes poverty, unemployment, criminality and political instability in the Niger Delta and Nigeria.

Finally, other security issues emanating from the crude theft and pipeline vandalization phenomena are that the activity transcends being solely a Nigerian problem but involves the entire Gulf of Guinea, Nigerians and other multinational and communal organized syndicated actors and players who connive and collude to undermine the socio-economic development of Nigeria, destroys lives, properties and

livelihoods of Nigerians and foments environment unsustainability.

Further intended or unintended, direct or indirect characteristic features of the criminal activities of oil thefts and pipeline vandals include but are not limited to it causing oil spillage which can lead to mass destruction of farmlands, degradation and degrading of the environment, environmental pollution and attendant health hazards to human and animal stock, destruction of the ecosystem and aqua-systems. Indeed, the phenomena affect human security, threaten human rights, safety and livelihood and lead to the inducement of internal displacement, the dislocation of the family structure and socio-economic systems, massive unemployment, strife, militancy and conflict.

Consequently, the theft of oil has posed an enormous challenge to the Nigerian government, harming its economy, fueling insurgency in the oil-bearing area, undermining security in the Gulf of Guinea and adding to the instability on the world energy market and sustaining arm groups that are fighting the Nigerian government. The best summary, perhaps, of the foregoing is aptly offered by Asuni (2009:2-3) when she wrote:

Until recently Nigeria was its fourth largest supplier, providing approximately one million barrels a day. But due in large part to supply problems caused by the Niger Delta insurgency and the wholesale theft of oil, U.S. imports from Nigeria have fallen of late. Insecurity in the Niger Delta is therefore not just a problem for the Nigerian government; it is also a problem for the United States and the wider world. At the moment, Nigeria's oil industry is

producing well under capacity. Nigeria's maximum producing capacity is about 3.2 million barrels per day; however, current production is often half of that, even without OPEC quota limitations. Much of the country's production is disrupted or shut-in – the oil stays in the ground because of security threats to oil facilities and their staff. Of the oil that is produced, a significant proportion is lost through pipeline vandalism, acts of sabotage, and theft. A well-known energy security analyst, David Goldwyn, told the Senate Foreign Relations Committee's Subcommittee on African Affairs in September 2008 that if Nigeria was to produce oil at full capacity, it would play a major role in helping to lower and stabilize world oil prices.

A summary of the characteristic features of illegal oil bunkering (oil theft) and pipeline vandalization (sabotage) is now in order. According to Onuoha (2008:104-108), there are three major identifiable forms of oil pipeline sabotage: oil bunkering, oil pipeline vandalization/fuel scooping, and oil terrorism.

Oil bunkering which is Nigeria's most profitable private business in the petroleum industry, he opines, operates at two levels: the small scale operations at the local level; and the highly organized oil theft which is perpetrated by syndicates and cartels. On the other hand, oil vandalization/fuel scooping has not only assumed alarming proportions in Nigeria, the frequency of attack and increased sophistication of the methods employed in attacking the pipelines have increased. This is

mostly carried out by unemployed youths who use rudimentary and sometime sophisticated methods to execute their activities with the complicity of oil marketers, traditional rulers, politicians, security operatives and oil company staff. On a related matter, he says oil terrorism involves the deliberate pipeline system attack and blowing up of oil pipelines, installations and platforms with explosives and the seizure of oil barges, oil wells and flow stations, support vessels and other facilities in order to prevent the exploitation and/or distribution of crude oil or its refined products are carried out by militias, freedom fighters, insurgents and militants and other armed groups. Garuba seem to buttress these assertions when he said:

The business of oil bunkering is as opaque and murky as the many gaps in analysts' knowledge of its operations (Asuni 2009:4). However, information gathered from the field, and also confirmed by a recent study by Asuni (2009:4-5) reveal three types of illegal bunkering: (1) a minor and small-scale pilfering of condensate and petroleum product destined local market; (2) direct hacking into pipelines or tapping with a hose from wellhead through practical removal of the 'Christmas tree'; and (3) excess lifting of crude oil beyond the licensed amount, using forged bills of lading. While the first is less significant in that it is conducted by local people who hide under the cover of violence in the Niger Delta region, the second category brings more technical sophistication into the

business with the stolen product placed in small barges and taken straight into the sea where it is loaded into larger barges (mother ships) in return for money and weapons used to fuel violence, while the last category speaks solely about a spoilt system facilitated by official corruption in that it involves the use of forged bills of lading, “issued by a carrier to a shipper, listing and acknowledging receipt of goods for transport and specifying terms of delivery.” (Asuni, 2009:5). (Garuba, 2010:12).

In summary, crude oil theft and pipeline vandalization raise many serious and critical challenges. The issues centre, but are not limited, to the following: Challenges of protecting the vast, extensive and complicated pipeline networks that crisscross the operational areas in Nigeria; the issues of insurgency, kidnapping, poverty, terrorism, militancy, political frustration, rebellion, militarization, weaponization, political corruption, resumption of agitation and insurgency which the phenomenon generates; the threat to pipeline security, safety, integrity by vandals; the vandalization of oil pipelines and facilities and attendant consequences of environmental pollution and degradation, crude theft and petro-violence; the issue of the unrested matter of amnesty and attendant fallouts, crude oil theft as threat to national and human security, corporate prosperity and existence, international and community markets; and crude oil theft and associated security issues of promotion of criminality, arms-build-up, inter-intra ethnic/communal strife and restiveness, loss of lives and property and the destruction of the environment, national economy and prosperity.

CHAPTER NINE

CAUSES AND SOME POSSIBLE EXPLANATORY THEORIES

A number of reasons have been identified or adduced as possible causes of the criminal activity of oil theft/bunkering and pipeline vandalization in Nigeria. In general, the causes that have been adduced have tended to be tied to the type or dimension of oil pipeline sabotage that is involved. An elucidation is in order here.

As noted earlier, there appears to be three such dimensions of oil pipeline sabotage in the country. These are: oil theft/bunkering; pipeline vandalization/fuel scooping; and oil terrorism (Onuoha, 2008; Alawode and Ogunleye, 2011).

Consequently, for example, it has been suggested that the specific crime of oil terrorism has been caused or traceable to two broad causes:

- (a) Militants and other aggrieved groups in the Niger Delta take to the deliberate attack of oil pipeline system and killing/kidnapping of oil workers to call attention for the redress of their grievances which border on alleged marginalization and neglect of their region (that produces the bulk of the oil from which Nigeria derives its national wealth) by successive Nigerian governments; and

- (b) Militants and other aggrieved groups blow up oil pipelines, installations and platforms with explosives and seize oil barges, support vessels and other oil facilities to prevent the exploitation and/or distribution of crude oil or its refined products in order to deprive the Nigerian State from earning oil revenues.

With respect to the other two dimensions of oil pipeline sabotage (oil theft/bunkering; and pipeline vandalization), some other reasons have been advanced. One reason that has been put forward is that poverty and greed are at the root of the problem; and that people resort to the crimes to make money. The argument is that in a country where over 70% are poor; where 85% of oil revenue accrue to less than 1% of the population of 150 million people, poverty is likely to predispose people to be involved in crime in order to make a living or make ends meet.

The poor, the argument goes, takes to oil theft and pipeline vandalization to get their own share of the “national cake” which otherwise would continue to be monopolized or cornered by corrupt government officials and their cohorts. Commenting on this, Garuba (2010:17) said:

Having watched “smart” public office holders and their cronies defile all words of caution to lead a lifestyle of conspicuous consumption at the expense of promoting the interests of the greater majority, otherwise known as “common good”, the people’s resolve to avoid the state for their survival has snowballed into taking pastime in crimes in which illegal oil bunkering occupies a central place. Oil being the

biggest single business in Nigeria, the trans-border character precipitated by its illegal bunkering is not only accentuated by the logic of globalization, but it is also portending serious implications and genuine concerns for the economic reform process in the country.

According to Adow: “To many people in oil-producing regions, however, the crude that is siphoned from fuel company pipelines is the one thing they depend on... In many parts of the Delta, stealing oil from the pipelines has become a free-for-all. Sometimes entire villages are involved.” He concludes:

the business of bunkering has... grown into a sprawling commercial empire that has turned people into overnight millionaires at the expense of the environment, their lives and posterity. It has grown to chains of cartel involving the elderly and the young. The youths are being recruited into the business as a quick fix to the poverty that ravages the region (Adow, 2012).

Although the official position is that poverty is at the root of the phenomenon, Onuoha, however, argues that while this may be true to some extent, the fact is that the rich and other powerful individuals and barons are largely behind many of the incidents of pipeline vandalization. He posits that though widespread poverty, discontent or failed expectation of a largely deprived and improvised Nigerian population have explanatory relevance in the upsurge of the crime, he, however,

believes that position does not truly and fully reflect the total picture. The poor, he opines, accounts for a small proportion of the incidents while “a venomous dimension” to the phenomenon is perpetrated by the rich and powerful with the connivance of equally powerful officials. To buttress the point, he said:

The incessant vandalisation of pipelines demonstrates that not only are some rich barons behind this criminality, but they also have the capacity to deploy modern technologies and recruit the services of security agents in the process. As the report of the Special Committee on the Review of Petroleum Product Supply and Distribution aptly contends, vandalisation has become very lucrative, attracting rich and powerful individuals who have become vandalisation barons (Special Committee on the Review of Petroleum Product Supply and Distribution 2000:11).

Attributing incessant vandalisation to poverty conceals the contradiction between the material circumstances of the victims and the sophisticated technology deployed in the nefarious acts. What is often lost in such thinking is that the poor do not have access to the kind of technology used in the process... what is happening is a methodical stealing of fuel from the pipelines. It is systematically done by people who have the technical know-how, who have the equipment and who know where the

valves and manifolds are. The confidences... reveal that they definitely have powerful godfathers (Onuoha, 2007:101-102).

On the other hand, according to Garuba (2010:10), there is a sense in which trans-border criminal activities around illegal oil bunkering seeks an understanding. He argues that this is located in the contextual significance of the political economy of oil. A global view of this significance, he says, is succinctly captured by a commentator, thus:

Oil is a raw material as well as a convenient and effective source of energy. All over the world the lives of people are affected, and the destinies of nations are probably determined, by the results of oil industry operations. Oil keeps the factories of the industrialized countries working and provides the revenues, which enable oil exporters to execute national economic development plans. These developing countries that have no oil are faced with a grim struggle for survival: if they lose they are relegated to the "fourth world". The march of progress would be retarded and life itself could become unbearable if the world was deprived of oil. That is why oil has become the concerns of governments, a vital ingredient of their policies and a crucial factor in their political and diplomatic strategies... Inspired by sensational disclosures and revelations of

alleged machinations in the corridors and inner chambers of oil empires, oil has been given the image of a business ruled by naked politics and dominated by ruthless men who are insensitive to nothing except their profit (Garuba, 2010:10).

On a related level, Nwokolo (2009) suggests that the reasons or causes for conflicts, illegal oil bunkering and pipeline vandalization in Nigeria can be traced in the main to “greed and economic opportunity” and grievance. Other factors which he identified as causative factors are long-standing ethnic, political and religious antagonisms, lack of institutional development, neo-patrimonialism, rentier-state syndrome, marginalization, economic deprivation, environmental degradations, lack of development of infrastructures by the Nigerian State and non-commitment to corporate social responsibility by multi-national companies operating in the Niger Delta area.

On a related matter, Brume (1999) believes that the cause of oil pipeline vandalization which started in the Niger Delta can be traced to the long history of neglect, marginalization and repression of the people of the Niger Delta by successive Governments since the First Republic. He opines that the cumulative effect of all this has been lack of development and widespread poverty, and discontent among the people of the Niger Delta. He further argues that the immediate cause of the growing vandalization is general discontent of the Niger Delta peoples, which has given vent to this unlawful method of recovering or “scooping” what is seen by many as their oil wealth that is being unfairly carted away to Abuja and other places, while they wallow in abject poverty and unemployment. He concludes:

Pipeline vandalization is a result of general discontent whose expression is not limited to pipeline destruction. In fact, ... pipeline vandalization is a symbol or an ensign of a widespread expression of discontent. When this discontent is left nauseated or unmitigated, the form of its expression grows horizontally and vertically; horizontally, in that it gains a greater and greater followership, both in the Niger Delta region and beyond; and vertically, in that this expression of discontent escalates - from mere quest for development or employment or equitable treatment with others, to the current language of "resource control" and who knows what next? It may be confederation or restructuring or so. Conflicts and crisis, in various forms, become the inevitable consequences of unmitigated discontent, of which oil pipeline vandalization is only one form of expression (Brume, 1999:2).

It is instructive to note that on several occasions, the American Ambassador to Nigeria (Fundamental, 2009), Nuhu Ribadu (Ribadu, 2012), and even the Nigerian President (Vows, 2012) were concerned that Nigerians had the monopoly of the nefarious crime of oil theft and bunkering business. Indeed, on July 23, 2012, the Nigerian President, Goodluck Jonathan, raise the question: "Why is it that it is only in Nigeria that people steal crude oil?" On August 25, 2012, M.A. Tosin attempted to answer the President's poser. He posits:

the answer to this question isn't far-fetched — poverty triggered by unemployment is endemic in Nigeria! The masses daily endure untold penury amidst abundance of human and material resources and are discontent with the ruling class and the society at large. They are agile and willing to work and earn a decent living, but the jobs do not exist. They therefore find alternative solace and become willing collaborators with charlatans... An impoverished fellow is a potential, if not an actual, thief, kidnapper or oil bunkerer... While it is sad that criminal acts are fast on the increase, it is also unethical for our leaders to cry wolf of the precarious escalation of crimes without tackling the root causes of crimes... So, please tell Mr. President that oil gets stolen only in Nigeria because Nigeria is probably the only nation where people suffer amidst an abundance of resources. I quite agree with him that oil thieves should “put their heads under the pillow”, but should Mr. President and his cohorts not bury their own heads under the mattress? (Tosin, 2012).

On the other hand, Yo-Essien (undated) argues that oil pipeline vandalization in Nigeria occurs through acts of sabotage. He believes the trend has been exacerbated by youth unemployment, poor implementation of memorandum of understanding (MoU) between oil companies and host

communities, lack of employment and environmental degradation.

Furthermore, Asuni posits that the most cursory glance at the recent history of the Niger Delta illustrates that there are many factors that help to create an environment in which oil bunkering can flourish. According to her, the Niger Delta Peace and Security Secretariat, a group set up by civil society, the government, and the oil companies in 2005 to discuss the problems of the region, outlined a series of additional problems that have helped create an enabling environment for oil bunkering:

1. the high number of unemployed youths in the Niger Delta.
2. the presence of armed ethnic militias who are familiar with the dense network of rivers that connect the region and allow easy access to unprotected oil pipelines.
3. the ineffective and corrupt law enforcement officials and low conviction rates for those suspected oil bunkerers who are prosecuted.
4. the protection or patronage offered by senior government officials and politicians who often use oil theft as a funding source for political campaigns.
5. the relative ease of threatening or corrupting oil industry staff to assist in bunkering.
6. the presence of an established international market for stolen oil, which includes West African (Sao

Tome, Liberia, Senegal, Cote d'Ivoire, Gambia), Moroccan, Venezuelan, Lebanese, French, and Dutch partners.

7. the overall context of endemic corruption – traffickers “settle” or bribe local communities where the oil is tapped, “passage” communities through which the bunkered oil travels on its way to off-shore tankers, and navy officials along the route. (2009:4).

Arising from the above, what explanatory theory or theories can one advance to explain the causes of oil theft/bunkering and pipeline vandalization in Nigeria? How can the phenomenal happenings be analyzed, rationalized, understood and explained? What theory or theories best help to shed or throw light on why people engage in this form of criminality?

Note must be made here that a theory or theories is or are only useful to the extent that they add explanatory value to the research. That is, the theory or theories that is or are advanced must meet the essence of the scientific endeavour which is to describe, explain and predict the phenomena and the causative undercurrents that throw them up.

The explanatory theories or theoretical formulations which meet this standard and which we believe can help shed light, clarify, interpret and explain the causes of why people engage or are involved in oil theft/bunkering and pipeline vandalization could be grouped into two broad categories: (a) Specific explanatory theories; and (b) General explanatory theories.

SPECIFIC EXPLANATORY THEORIES

Among the specific explanatory theories are Colliers' (2001) Theory of Greed; and the Cost-Benefit Theory of Crime.

(a) Collier's Theory of Greed

The theory of greed as propounded by Collier (2001) posits that crime (oil theft and pipeline vandalization) are mainly motivated by greed and economic opportunism. He opines that deviance is first and foremost motivated by grievance followed by failure of the opportunity structure which leads to greed which develops into greed - drive criminality of illegal bunkering and pipeline vandalization from its original grievance motivation (economic deprivation). In sum, the theory suggests that a combination of economic deprivation/poverty and greed contribute to grievance-agitation which then translates into aggressive behaviour: vandalization, sabotage, oil theft or illegal bunkering, rebellion, plundering of resources, terrorism, militancy, violence and war.

Based on Collier's thesis, criminality in the form of oil theft and pipeline vandalization, is a form of organized crime with partakers engaging in it as a business or economic activity to maintain the group and the groups' nefarious activities.

Applying the theory to the instant case, Nigerians engage in illegal oil bunkering and pipeline vandalization because of the inability of the Nigerian State and oil companies to cash in on the opportunity structure which allows criminality to develop into greed-driven deviance from its original grievance motive.

(b) Cost-Benefit Theory of Oil Bunkering/Pipeline Vandalization

The cost-benefit theory of crime as propounded by this author (Igbinovia, 2003) simply posits that people would be involved

in crime if they calculate that the benefit of crime commission far outweighs the cost of crime commission. The calculus is that the likely perpetrator of crime is less likely to be involved in crime, if in his calculation, the costs of crime far exceed the benefits to be had from the crime. Where the benefits outweigh the cost, crime is likely to be committed; conversely, where the cost of crime outweighs the benefit of crime, crime is not likely to be committed.

The cost-benefit theory or analysis or explanation of crime is purely an economic theory of crime causation. It simply states that vandals engage in pipeline vandalization and oil theft because the benefits of and from involvement far supersede the cost of commission. In sum, the theory posits that **crime pays**: it is a profit-yielding venture or **business enterprise** or undertaken. It is an investment with enormous financial benefit/yield without cost implications or with little or no cost at all.

In the current Nigerian circumstance/clime, people engage in the phenomena because it pays them to be engaged in it because, in their calculations, there are often little or no cost to the potential or actual perpetrators at all: it is almost a win-win-benefit-benefit and no-cost or little-cost calculus. Indeed, involvement in oil theft/pipeline vandalization pays the perpetrators handsomely and is profitable business venture/enterprise with enormous accruable and consequential financial and related benefits. According to Onuoha (2008:107):

the seemingly lucrative nature of the illegal trade has opened up a new dimension to the breaking of oil pipelines to tap crude oil or its finished products, and has attracted even more participants to the business of pipeline vandalization.

To stem crime or deter criminal behaviour, therefore, one would require to make crime unprofitable for the potential criminal by removing the incentive to committing crime by making the potential or possible costs of crime higher than the potential or possible benefits by raising the possibility of detection, arrest/apprehension, prosecution and punishment: certainty of arrest and certainty of punishment would deter criminal behaviour. The formulation is presented below:

- (a) Certainty of arrest + Certainty of punishment = Deterrence;
- (b) Make Cost of Criminal Commission Higher than Benefit of Criminal Behaviour = Possible Non-Criminal Behaviour (Compliance with the law: Non-violation of the norm);
- (c) Where $\text{Cost} > \text{Benefit}$ or $\text{Benefit} < \text{Cost}$ = Non-Criminal Behaviour (NCB) (Compliance with norm). $\text{Benefit} > \text{Cost}$ or $\text{Cost} < \text{Benefit}$ = Criminal Behaviour (CB) (Non-compliance with the law: norm violation);
- (d) Where $\text{Cost} \simeq \text{Benefit}$ = Mixed Behaviour or Balance between Compliance and Non-Compliance. (Norm compliance or Norm violation or Norm balance).

GENERAL EXPLANATORY THEORIES

(a) **Milton Barron's Criminogenic Society Theory**

In addition to the above, what other general theory or theories can best explain the pervasive criminal culture in Nigeria? Milton Barron's astute analysis of the Criminogenic Society provides one of the keys to the question. *The theory of a*

*criminogenic society and culture merely commits us to the implications of our sociological premises: that society and culture contribute more than any other forces to making us think, feel, and behave as legal norm-violators just as they do in all other roles we may play in life. Culture molds and shapes behaviour, giving direction to what most people will do most of the time. If **part** of our culture is criminogenic, then **many** people will engage in delinquency and crime (Barron, 1981:137). If **most** of our culture is criminogenic, then **most** of our people will engage in delinquency and crime. If **all** of our culture is criminogenic, then **all** of our people will engage in delinquency and crime. Simple.*

The first to use the specific concept of a criminogenic culture and to develop it in the context of an etiological theory was Donald R. Taft, a University of Illinois Criminologist, in 1942. However, he was by no means the first to theorize that societies experience the kinds and scope of crime and delinquency that their own values and social structure provoke. The theory was implicit, for instance, in the works, written in the 19th century, of the great French Sociologist Emile Durkheim, especially in his use of the concept of anomie in relation to urban, industrial, and mobile conditions. To him, suicide, crime, and other social problems were consequences of anomie, both in its original Greek-rooted connotation of social anarchy and in its later connotation of deregulation and normlessness. In *The Rule of Sociological Method*, he said of crime that “there is no phenomenon that presents more indisputably all the symptoms of normality, since it appears closely connected with the conditions of all social life (1938).

In sum, in the Nigerian context, the theory of criminogenic society and culture posits that crime and delinquency in our society are pervasive phenomena: a calling for the equal etiology that our society is a criminogenic culture and society.

(b) **Patrick Igbिनovia's Causes of Crime in the Perpetuity Theory of Crime Context**

Another general theory that can be used to explain crime in Nigeria is a combination and modification of Edwin Sutherland's *Theory of Differential Association* (1939), Albert K. Cohen's *Differential Identification Theory* (1955) and Richard A. Cloward and Lloyd E. Ohlin's *Differential Opportunity Theory* (1960) of crime causation. I will call my home-grown, Nigerian-tailor-made theory the PERPETUITY THEORY OF CRIME (PTC): (or in short form, the "*Crime Inertia*" explanation because it aims to explain why crime currently in motion in Nigeria tends to stay in motion.

For our purpose, the PTC hypothesis is a simple one: It states that **Perpetual or Continuous or General Association (PGA)** with crime followed by **Perpetual or Continuous or General Reinforcement (PGR)** leads to **Perpetual or Continuous or General Identification (PGI)** with criminal patterns which in turn leads to **Perpetual or Continuous or General Acceptance (PGA¹)**. The net result of all this is **Perpetual or Continuous General Criminality (PGC)** or the evolution and development of a **Perpetual General Culture of Crime (PCCr)**. The short form for this formulation is:

PGA: PGR: PGI: PGA¹ = PGC or PCCr.

Alternatively, we can say:

(PGA n PGR) - PGI - PGA¹ = PGC or PCCr.

That is:



Where P = Perpetual; G = General; A = Association; I = Identification; A¹ = Acceptance; R = Reinforcement; C = Culture; and Cr = Crime.

It is not my intention to do battle here with the Sutherland-Cohen-Cloward/Ohlin theses. Rather, my aim is to acknowledge my debt to their theories and state the difference between theirs and the view that I espouse. The debt is to the insight that societies may promote behaviour and that criminal behaviour is learned: All patterns of behaviour are learned through imitation, identification, reinforcement and association with others. Criminality is learned in the course of intimate association and identification with criminal role models. The Bible says it all: **“Be not deceived, evil communication corrupts good manners”**.

Professor V. Diejomoad unknowingly addressed himself to this crime problem in Nigeria and the relevance of the PTC in 1995 when he said: *“So long as there is no strong work ethic, no sense of honesty and honours, no sense of shame in misconduct, so long as people are encouraged to be thieves and applauded, so long as there is no retribution for criminal activities, so long as there is no fair reward system, there is little prospect that crime will ever abate nor will Nigerians stop involving themselves and investing their time and energy”* in the criminal enterprise (1995:28). (Also see Igbinoia, 2003:28-31; and Garuba, 2010:7-8).

Although my thesis is Nigerian-specific, it could also be used to explain crime and criminality in other criminogenic societies and cultures: akin, perhaps to what Margaret Mead did in Samoa (1928) and what Milton Barron (1954, 1955), C. Wright Mills (1952), John Bartlow Martin (1952) and Marshall B. Clinard did in America. Indeed, in the same year that Martin introduced us to the concept of delinquent society, the sociologist and criminologist Marshall B. Clinard was analyzing that election years (1952) Republican charges of corruption against the incumbent democratic administration (remember Watergate in 1972?) by noting, first of all, that **“Political corruption, crime, immorality, athletic scandals, the current disorders of our society cannot be diagnosed as**

independent, isolated phenomena". All, he claimed, are common consequences of a general social disruption in the ways we live and work and think together as human beings (1952). Indeed, for C. Wright Mills, many of the problems of "Crime and relaxed public morality, of high-priced vice and fading personal integrity, are problems of structural immorality" (1952). (Also see Igbinovia, 2003:29-31; and Garuba, 2010:7-8).

In this researcher's estimate, all the above theories can singly, additively and in combination, perhaps, help to shed light on the possible causes of and reason why people engage or are involved in the nefarious crimes of oil bunkering and pipeline vandalization in Nigeria.

The saliency and germaness of the various theoretical explanations espoused here appears to be buttressed by a recent statement attributed to the United States Ambassador to Nigeria on the particularistic, fundamental and phenomenal crime of oil bunkering and pipeline vandalization in the country. He, reportedly, said:

Nigerian officials repeatedly request U.S. assistance to prevent bunkering. The reality, however, is that most oil bunkering is not a global phenomenon readily susceptible to international resolution. No other, major oil-producing country, to our knowledge; loses as much revenue from illicit oil bunkering as Nigeria, largely because the political elite, militants, and communities profit from such operations. Tackling this problem will require resolute political will from many sectors of Nigerian society (Fundamentals, 2009:43).

CHAPTER TEN

SOLUTIONS AND RECOMMENDATIONS

The problems of oil theft and the associated crime of pipeline vandalization has plagued Nigeria for a long time. Various efforts, strategies, solutions and measures have been put in place by government and oil companies to curtail, stem, combat or abate the phenomenon to no avail. Indeed, the nefarious activities that have had and continue to have not only dire consequences on the national economy but have constituted and continue to be a drain on the Nigerian treasury and well-being, rather than abating have indeed assumed unprecedented dimensions and frightening proportions.

Among the strategies that have been employed over the years to curtail the incidents of oil theft and pipeline vandalization in the country are the following:

- (a) The National Assembly investigating the rising wave of crude oil theft in the country;
- (b) Hiring by Government and oil companies of militants to help check the constant vandalization of pipelines;
- (c) The creation of the National Oil Spill Detection and Response Agency (NOSDRA) to tackle the problems of oil spillage;

- (d) The creation and deployment of Joint Task Force (JTF) and other security agencies and local-community informants to patrol and monitor pipelines routes in the various Nigerian communities;
- (e) The carrying out of environmental awareness campaign to enlighten the affected region on how to prevent and manage crisis of vandalization and oil spillage (communities, stakeholders, multi-national oil companies, etc);
- (f) Working of oil companies and other relevant regulatory bodies through the national orientation agency to educate the general public on the negative implications of vandalising oil pipelines for money.
- (g) The Nigerian government has also adopted the carrot and stick approach in dealing with the challenges of illegal oil bunkering and vandalization: The carrot approach of granting amnesty to all militants in the Niger Delta to surrender their arms and sign an undertaking not to return to the creeks to engage in the criminal activities. The stick approach involves occasional military bombardment of areas suspected of militancy and illegal bunkering and sabotage operations.
- (h) The Nigerian government has also adopted the diplomatic option of getting the international community to help combat the activity including facilitating the Gulf of Guinea Energy Security Commission since 2004. (Garuba, 2010:17-18).

While the above mentioned measures have, to some extent, been helpful in making some dent in the incident of oil theft and pipeline vandalization, they have been, in larger measure, ineffective and inadequate in reducing it to the barest minimal. The above measures, additively and in combination with further other measures suggested below; if efficiently employed and accompanied with the required resolute political will from many sectors of the Nigerian society and the international community, can help prevent illegal oil bunkering and pipeline vandalization in the country. The other additional measures are:

- (1) Government and oil companies should pay compensation or evolve proactive disaster prevention and response strategies to curtail vandalization. There is need for prompt and timely responses to reports of leaking or vandalized pipes. Evolving effective disaster prevention and management framework would help stem the incidents.
- (2) Government and oil companies should adopt an integrated management disaster framework that entails a synergic collaboration involving NEMA, the private sector, the media, civil society groups, community-based organizations, and governments as part of poverty reduction strategy. Such disaster management should emphasise prevention-oriented and proactive strategies coupled with consistent exchange of information, ideas and lessons among stakeholders. The development of more sustainable and proactive disaster management approaches would enhance effective utilization of the unique capabilities of the various stakeholders and ensure they work together.

- (3) Government and oil companies should not only fight poverty, it should also reduce unemployment. Efforts should be made to empower Nigerians, especially in the oil-bearing communities. The safety of pipelines cannot be successfully achieved in the face of growing incidence of poverty and unemployment through massive planned investment in public works like power, railway and road construction, large-scale industrial farming, and infrastructural development (Onuoha, 2008:112-113).
- (4) There is the urgent need for government at all levels to treat the integrity of oil pipelines as a national security issue and deal with the issue as such. Government needs to support the effort with the necessary facilities and logistics to enhance its effectiveness in tracking the inflow of small arms, and combating sea piracy or oil theft in Nigeria's territorial waters. In this regard, government must also evolve comprehensive, redemptive, concrete preventive and punitive plans to address genuine community grievances and help overcome youth restiveness and militancy in the oil-bearing Niger Delta region of Nigeria.
- (5) Government and oil companies must completely overhaul the country's pipeline system and map out strategies to ensure that Nigerian crude oil going into the international market are fingerprinted to prevent oil theft and pipeline vandalization.
- (6) Government and oil companies must evolve plans to stem corruption in the Nigerian polity to safeguard recourse to oil theft, vandalization and associated crimes.

Arising from the above measures, therefore, the following recommendations can be made to further help combat the phenomenon:

- (i) There is the continuous need for the oil companies and government to maintain cordial relations with the relevant communities and partner them to ensure that oil thefts/spills and pipeline vandalization are curbed. Indeed, oil companies and government must ensure that the communities are developed and infrastructures are put in place to engage community youths: employment opportunities must be provided; road must be constructed; schools and training centres built; scholarships provided to school age children from primary to secondary schools; clinics and medical facilities created and made accessible, etc. There must be heavy government/oil company investment and commitment to the community to starve off restiveness and promote community development, progress and growth.
- (ii) Joint Task Force and other paramilitary forces assigned to the oil-producing areas must be friendly and not engage in extra-judicial process or be highhanded. They must build lasting friendship, rapport and cordiality with community members for the job to be made easier and successful. Their major task is to promote peace in the community so that oil prospecting can be carried out for the development of the community and country.
- (iii) There must be cooperation and collaboration among the security forces operating in the oil producing areas.

Without Synergy and cooperation, there would be insecurity, pipeline vandalization and illegal oil bunkering flourishing.

- (iv) There is the need to use defensive planning which is nature's way of helping to reduce the nefarious activities: thieves will not wish to force their way through or over a prickly hedge. The smallest trace of blood or shred of ripped clothing could help the police identify the offender.
- (v) Securing pipelines: following on from the defensive planting tactics, fences and walls could also make life difficult for the oil thief or pipeline vandal.
- (vi) The use of CCTV as a crime prevention and detection tool could also play a part in the protection of oil pipeline in addition to the use of private investigators and citizens.
- (vii) The sitting of pipeline lines could also facilitate protection. The position of the pipeline can have a significant effect on how hard a target is in the eyes of the potential thief or vandal. If the pipelines are sited in such a way, the thief or vandal may consider the chances of being seen or caught too high a risk.
- (viii) Remote electronic oil level gauges which will set off an audible alarm if the oil level in the pipelines is tampered with or suddenly drops or falls below the normal range.
- (ix) Security lights can have a very positive effect and make any pipeline a much harder target for the oil thief or pipeline vandal. Lighting should, in most cases, provide sufficient light to illuminate any suspicious activity.

- (x) The Nigerian Press must help to create awareness about the consequences of oil bunkering and pipeline vandalization to the citizenry.
- (xi) The crime is growing in leaps and bounds and the practice is gradually becoming the way of life of the people. To stem the tide, there is the need for a sustainable campaign to discourage people from indulging in the practice. Governments, community leaders and politicians should carry out sensitization campaigns within their domains to create awareness of the dangers posed by the illegal oil prospecting. They should carry out advocacy campaigns to change the perception of people in the region who have come to see illegal oil theft as a way of life (Odiegwu, 2012).
- (xii) Urgent installation of sensors to monitor and checkmate the occurrence of the problem. Casing technology should be considered as a possible solution to Nigeria's incessant oil pipeline vandalization to shield pipelines from the attacks of vandals and restore the ecosystem overtime and help stabilize national security. According to an expert technologist, Caus Egbufoama, the technology is the process of using metal properties to absorb and covert mechanical friction into electrical change, such that a metal's molecular structure becomes hardened at the speed of sound. The ultimate result is that any electric motor-based appliance applied to the pipeline casing such as power saw or power file, would create mechanical friction on the casing and this would bring an electrical change that would burn out and self destroy the motor of the appliance at the speed of sound. Even bringing a

metal conductor at least two feet to the casing application will set off electrical charges. Put in another way, should a handsaw or hand drill appliance be manually applied to the pipeline casing, the blade of the mechanical device will bend instantly which will be followed by an electrocution. (Ihiegbulem, 2010:17).

- (xiii) Urgent introduction and use of standardized metering system is needed. The compulsory use of the automated – computerized measurement and metering by all stakeholders at the point of extraction and reception will help reduce integrity deficit in oil and gas in Nigeria.

Any meaningful attempt to get out of the undesirable situation and dire consequences of oil theft and pipeline vandalism must address the root causes (past neglect/marginalization and oppression of the Niger Delta which have led to widespread poverty of the region and the pauperization of the people. Consequently, the Niger Delta region need a special development focus and concentration akin to the Marshall Plan that help to restore Europe's social and economic life to address the social and economic neglect of the Niger Delta.

According to CSIS (Centre for Strategic and International Studies in Washington DC policy brief (CSIS Africa Notes "Alienation and Militancy in Nigeria's Niger Delta" by E. Cesarz, S. Morrison and J. Cooke), what is required is intensive mediation and de-escalation plus the fact that the Federal Government must engage in good faith on jurisdictional boundaries, corruption, allocation of resources, economic revitalization and electoral administration and reform.

Furthermore, there would be the need for an economically diversified polity, political federalism, democracy, good governance and development of the entire country.

The federal government must return to the Willink Report while ND communities should continue to agitate for true federalism which would give local authorities significant leverage in holding government and corporations accountable for malfeasances that affect present and future survival.

Similarly, there must be effective mediation at the community level to address the variety of intra and inter-community violence which exacerbates the problem. Mediation, de-escalation and intercession are very central to addressing the various conflicts plaguing the oil-bearing Niger Delta region of Nigeria.

The international community must press government and the oil companies to ensure accountability and responsibility from them and make them engage in community development in the country.

Furthermore, Evoh (2009:41) recommends four interrelated sets of solution to the problem namely: the adoption of sustainable practices for oil resource exploitation by oil companies in Nigeria; transparent governance and institutions; the diversification and development of agricultural and manufacturing sectors with oil wealth; and the involvement of oil-producing communities in Nigeria in the management of oil resources through collaborative partnership initiatives. (Evoh, 2009:41).

Security role in crude theft is also essential to stem the challenges the phenomenon poses and to negate and undermine those conditions which give rise and strength to it. Security is *sine qua non* in crude oil production. It is a **desideratum** for and pivotal to crude oil theft prevention and control. Indeed,

all crude oil prevention relies on security just as crude oil production centres around security and rotates on its axis. Without security, there would be no production and no national development.

Consequently, the role of security in crude theft prevention is essential and rests largely in the prevention of the offence, the apprehension of the offenders, securing and safeguarding the operational environment, facilities and staff, creating an enabling and conducive environment for production, minimizing loss through theft and wastage, protecting pipeline vandalization, ensuring that oil production is unhindered so that government does not incur losses that would vitiate economic property, nation security, peace and safety. To accomplish these things there is the need for the following things:

- (1) It is apposite to state that all these things listed above are clearly beyond the capacity and capability of Nigerian security, government and oil companies to address. They cannot do it all alone. More concerted, coordinated and sustained action by security in tandem with all the relevant players have the potential to make a dent on the problem. There must be dialogue, synergy, collaboration and partnership among the various actors to deal with the insecurity problems caused by crude theft. There is also the need for more engagement of the communities in all the process to curb the ugly trend in the petroleum sector. As the Managing Director of PPMC said recently:

The appeal is that we must collectively protect our assets, especially in the oil and gas industry. Communities must assist in the policing of these assets because no matter what PPMC does, or even the government, we still need the host communities to cooperate with us to guaranty the safety of these facilities. We all have to come together to find a lasting solution to this issue (Iba, 2012:47).

- (2) There must be joint surveillance of pipeline Rights of Way (ROW) involving the host communities, stricter penalties for pipeline vandalism, aggressive public enlightenment on the negative impacts of pipeline vandalism on the environment as well as making supply of refined petroleum products affordable and readily available thereby making oil theft unattractive (Yo-Essien, undated).
- (3) More refineries should be built to discourage illegal oil refinery as buyers would be more at ease with the properly refined products from either the government owned or the registered private refineries (Emine, 2012:20).
- (4) To create a conducive environment for operation of the nation's oil and gas industry, attempts should be made to stamp out completely crude theft, government lack of will or weakness of the security agencies, and the belief held by militants that peace in the Niger Delta is not good for the theft of crude oil so everything should be

done to truncate the amnesty programme. Commenting on this, a leading militant said recently:

Government asked us to surrender and we surrendered. We left the creeks; we abandoned all illegal activities. But now that government has refused to take action against those who refused to surrender, are they not in effect encouraging those of us who left the creeks to go back? (Emine, 2012:20-21).

All these suggestions would not be easy or quick to implement but they are tasks that must be initiated, and concretized for security to be successful in helping to abate the security and criminal problem of crude oil theft. The last word of advice on this matter is reserved for the Managing Director of SPDC, Mutiu Sunmonu. On February 6, 2012, he said:

We have increased surveillance of the route, so we can detect crude theft and respond early to spills, but what is urgently needed is robust intervention at federal, state and local government levels. We need increased patrols of creeks and waterways, removal of illegal offtake points and dismantling of illegal refineries.

The best we (Shell) can do is to continue to play a strong advocacy for change, a strong advocacy for enforcement of the rule of law,

a strong advocacy to make sure that the government security agencies, who are protecting these strategic national assets, are effective. (Shell Chief, 2012:11).

Note must be here that Tables 10 and 11 are quite instructive because they succinctly highlight attempts that can be made to tackle illegal oil bunkering and pipeline vandalization and ensure the safety and integrity of oil pipelines in Nigeria.

By way of summary, to stem the phenomenon the following panacea can be prescribed: the urgent need for the Nigerian government to articulate its on-going reforms as a coordinated programme; the need for a comprehensively articulated reform programme to engage the oil bunkering and pipeline vandalization criminal networks traversing the country's territorial air, water and land space; to address the Niger Delta question by eliminating or tackling poverty, environmental degradation and underdevelopment; need to acquire modern equipment and training for security personnel to effectively man the country's 84,000 square nautical miles waters; look into the possibility of implementing SPDC's proposal for "certification of oil exports, based on chemical fingerprinting of crude oil "to help prevent the selling of stolen crude in the open market and to enable 4E agents "trace oil to individual flow stations and even individual wells"; to strengthen existing joint border control commission with colluding neighbouring countries to fight the nefarious activity: the measure will help strength ECOWAS protocol on free movement of people and trade and the moribund Gulf of Guinea Energy security strategy without undermining the overall interest of Nigeria's economic reforms; and foster

mutual respect between Nigeria and her neighbours; (Garuba, 2010: 17-18).

In commenting on the foregoing, a writer said:

Focus should now be on a just and sustainable political order and ways in which this can be brought about, giving due weight to the fears, needs, and aspirations of the various social and interest groups in the country. The need of all for the institutionalization of a disinterested and efficient public service, relatively corrupt-free public agencies, due process and the rule of law, would be compelling. In order for Nigeria's federal democracy to be meaningful to ordinary people and their social and economic needs, a new compact between state and society in which the civic, political and social rights of the people are not only clearly spelled out but are made justiceable, will have to be worked out. A socially and economically-empowered body politic will encourage active citizens, eager to participate in public affairs. And broad and active participation in public affairs by an enlightened citizenry is the secret of good policy.

Indeed, as Evoh (2009:55) noted:

The development of improved relationships between the three sectors of the Nigerian government, oil companies operating in Nigeria, and oil producing communities is not new. What is needed is the political will to strengthen and maintain these relationships to the point where organisations and projects draw from across the three sectors of the society, pooling their resources, knowledge and skills to jointly address complex socioeconomic and ecological problems. Previously, one or two of the sectors managed such social problems with little or no success. Crude oil and natural gas resources can be managed in a more ecologically friendly and socially responsible way

As aptly summarized by Douglas (undated): “To break with this bloody history will require a major political commitment on both sides of the Atlantic.”

Table 10: Attempts to Tackle Illegal Oil Bunkering

Nigerian	International	Recommendations for Nigeria	Recommendations for International Community	Recommendation for the United States	Other Recommendation for the United States
1. Arrest Bunkers and Traffickers 2. Closing markets for illegal oil. 3. Increasing the military presence in the Niger Delta.	Creating the Gulf Energy Security Strategy (GGESS). Making public offers of military support and training. Developing oil fingerprinting technology Offering electronic bills of lading.	Address the economic, social, and political problems of the Niger Delta. Provide legitimate employment opportunities Implement the key recommendation of the Niger Delta technical committee.	Revamp the Gulf of Guinea Energy Security Strategy. Prioritize the search for a method of fingerprinting oil follow the money trail of illegal oil bunkering.	Re-start U.S. African energy partnership and binational commissions. Develop a strategy energy security policy in Africa. Get the diplomatic corps into the region. Offer greater support for work on governance.	a. Appointing a special envoy to the Niger Delta or Gulf of Guinea region similar to the special envoy to the Great Lakes during the Clinton administration. b. Implementing the antileptocracy provision of the Consolidated Appropriations

4. Introducing the Nigerian Extractive Industries Transparency Initiative.	Supplying coastal surveillance equipment. Discussing maritime safety and security involving the United Nations.	Provide financial and political support for the new Niger Delta Ministry (and NDDC). Arrest and prosecute those involved in oil bunkering. Get serious about monitoring Nigerian coastline. Make better use of surveillance techniques.	Expand dialogue to include other international players. Strengthen the Nigerian military.	Promote a relationship with Nigeria based on mutual respect and partnership.	Act that denies entry to the United States to all foreign government officials about whom the secretary of state believes there to be credible evidence that they were involved in corruption relating to natural resources. The head of Global Witness, an NGO which has exposed resource-related corruption and money laundering in many African
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		Persuade other countries to crack down on illegal oil bunkering. Mobilize civil society to push for action against illegal oil bunkering.		countries, and has pointed out that corrupt African leaders do not want to spend their money in Kinshasa; they want to enjoy it in the United States. The antikleptocracy provision can keep them from doing so. c. Enforcing visa bans, even for those not directly involved in resource-related corruption.
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					The State Department has a standard measure of denying U.S. visas to people, particularly politicians. However, it is not common for those persons refused visas to the United States to be publicly named. Because most Nigerians would like to come freely to the United States and would not want the embarrassment of being publicly shamed with a visa ban, these bans should be made public.
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d. Introducing electronic bills of lading. The software for electronic bills of lading is currently available, and tie U.S.-based Liberian Shipping Registry is willing to work with Nigeria. The U.S. government should encourage the President and the minister of petroleum, to make use of it. e. Developing a certification scheme to track the theft and sale of blood oil.					
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American oil companies can take the lead in tracking illegal oil out of Nigeria and preventing it from entering the United States. f. Prosecuting companies and individuals found guilty of bribing foreign officials. The United States should enforce good ethical practices among its companies and encourage its European partners to do likewise.					
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Oil Thefts and Pipeline Vandalization in Nigeria

This will close off some of the opportunities for corruption in countries such as Nigeria. g. There is need for more engagement of the communities in all processes to stem oil theft and pipeline vandalization. This could include joint surveillance of Pipeline Rights-of-Way involving the host communities, stricter penalties for pipeline vandalism,					
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						aggressive public enlightenment on the negative impacts of pipeline vandalism on the nation and environment as well as making the supply of refined petroleum products affordable and readily available thereby making oil theft unattractive (Yo-Essien, undated).
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Source: Modification of Asuni, J.B. (2009:6-16). Special Report: “Blood Oil in The Niger Delta.” United States Institute of Peace. Washington, D.C.

Table 11: Attempts to Tackle Pipeline Vandalization and ensure its Safety and Integrity

To sustain and improve the integrity and safety of oil pipelines in Nigeria, Alawode and Ogunleye made the following recommendations (2011:565-573):	
1.	Complete overhaul of aging pipelines.
2.	Frequent checks for pipeline integrity.
3.	Improved surveillance and introduction of aerial/satellite monitoring of pipeline installations.
4.	Effective tracking by the Naval force of the inflow of arms and combating oil bunkering and sea piracy.
5.	Quick response to oil spillage and pipeline vandalism.
6.	Minimizing restiveness and unemployment through capacity building for the host communities by the provision of education.
7.	Social infrastructures and small/medium scale enterprises, and
8.	Increased enlightenment on the adverse consequences of pipeline vandalism.

Source: Modified from Alawode, A.J. and Ogunleye, I.O. (2011). "Maintenance, Security, and Environmental Implications of Pipeline Damage and Ruptures in Niger Delta Region." *The Pacific Journal of Science and Technology*. Vol. 12. No. 1. May (Spring).

CHAPTER ELEVEN

SUMMARY AND CONCLUSION

This study provided an overview of oil theft and pipeline vandalization in Nigeria detailing the genesis, history, definition, etiology, causes, extent, nature, magnitude, impact, consequences, characteristics and legal dimensions of the problem. Solutions and recommendations aimed at stemming the problem which have plagued the Nigerian nation and its oil industry and vitiated the country's growth and development and contributed to its economic adversity for decades were also tendered.

As we have seen, the theft of crude oil and the vandalization of pipelines have refused to go away, so have many of the security and attendant issues that have been thrown up. Indeed, the problems rather than abate have actually been escalating, ominously.

Despite the high level recognition of the magnitude and seriousness of the problem, there appear to be no proactive government or other institutional strategies for stemming the phenomenon and the attendant matters and issues that it has generated and continues to generate.

The enabling environment for crude oil theft and the complexity of players in the illicit business, including local youth, individuals from host communities, high levels of unemployed youth, armed ethnic militias, ineffective law

enforcement officials, protective government officials and politicians, corrupt oil company staff, established international markets for stolen oil, foreign ship owners, and the overall context of endemic corruption makes it difficult and almost impossible to tackle the problem (Asuni, 2009:1). It is instructive to note, perhaps, in this regard, the rather sobering comments of an informed observer. He said:

Many of the arms in circulation in the Niger Delta, including a variety of sophisticated weapons, have been purchased with money derived directly or indirectly from illegal bunkering. Insecurity in Nigeria results, in part, from accessibility of oil-purchased arms with illegal bunkering serving as a major contributor to Nigeria's violent crime, armed robbery, piracy and kidnapping.

The immense wealth derived from illegal bunkering ensures that those profiting from it have no interest in a well-policed, stable Niger Delta. Many interlocutors have stressed that peace in the Niger Delta will reduce the opportunities for profit from illegal bunkering activities. They suggest that everyone along the chain, from the President's inner circle to those "service" companies that profit from "protection money", will resist finding a permanent solution. These interests will persist beyond amnesty, according to these contacts.

Some Joint Task Force (JTF) members, in particular, remain reluctant to see an end to the “crisis” in the Niger Delta, according to many contacts. Officers and enlisted personnel allegedly pay large premiums for the opportunity to serve in the JTF because the profits derived from protecting or participating in illegal bunkering far outweigh such premiums and the risks of deployment. Nigerian Navy officers allegedly pay up to 30,000 dollars for the opportunity to serve in the Delta. Some military officers are so successful that they have bought multi-million dollar homes in high-end neighborhoods in Lagos.

Profits from illegal bunkering became high enough in the last several years to enable both JTF members and “militants” to profit and co-exist without seriously interfering with each other’s activities. Some observers compared the relationship between the JTF and major militant groups to arrangements between rival gangs in U.S. urban areas; generally each JTF unit and militant band had its own territory in which they operated and from which they derived their illicit incomes. Fighting only erupted when disputes arose about boundaries or when one group “poached” in the territory of another or did not “settle” the other properly. Many contacts speculate that the impact of the amnesty will be a return to

the “status quo ante” before the May offensive in Delta; i.e., relative peace will enable both sides to pursue their business interests without large displays of force on either side and despite GON “lip service” about “cracking down” on illegal bunkers (Fundamentals, 2009).

From the discussion, the following concluding remarks can be made:

- (a) Nigeria is Africa’s leading oil producer, and the world’s seventh largest exporter of crude oil, shipping nearly 2.5 million barrels a day. The Nigerian economy is dependent on the exploitation of oil and the nation’s future is very much tied to crude oil. However, Nigeria has been plagued with the widespread incidents of pipeline vandalism and the closely associated crime of bunkering of crude oil.
- (b) The incidents of oil theft and pipeline vandalism in Nigeria has assumed such unprecedented heights as to make Shell (the biggest oil company in Nigeria) to raise an alarm in November 2011 that there was “unprecedented scale of crude oil theft in Nigeria” (Nigeria: Illegal, 2011:8).
- (c) The problem had become so serious that it became intractable: thieves are stealing 300,000 barrels of Nigerian crude oil each day and the theft is costing the country around US\$3.5 billion a year in lost revenue.

- (d) Precisely how much Nigeria loses from the volume of oil sold or stolen through the processes of oil bunkering and pipeline vandalization is difficult to measure. What appears clearer is that the value of the stolen oil and the impact are enormous.
- (e) The criminal activity of the vandals and thieves have not only led to Nigeria losing billions of dollars, it had also led to the unplanned exit of some oil companies, fire incidents, deaths, injuries, ecological, environmental and economic disasters in Nigeria. It has threatened Nigeria's petroleum industry foundation, the nation's economy and drained its national treasury and economic life-blood.
- (f) The criminal activity which is a federal crime is not only restricted to the Niger Delta region but is widespread in the country. It represents a significant economic activity with serious ramifications for Nigeria's security and democracy.
- (g) Oil theft, vandalization of pipelines and terrorism have also led to oil production decrease which is estimated to be running only two-thirds of its capacity.
- (h) The incidents of oil theft and pipeline vandalization, which are effectively Nigeria's most profitable private business, severally affect government and oil companies: it accounts for not only loss of revenue to both parties each years, it also has led to the deprivation of present and future generations of Nigerians of revenue that would otherwise accrue to government and oil companies to finance development.

- (i) Indeed, illegal bunkering and its dependent economic sectors have replaced legitimate economic activity in large parts of Nigeria, especially, in the oil-bearing Niger Delta region.
- (j) The stolen oil and the vandalization of pipelines in Nigeria also fuel long-running insurgency in the Niger Delta that had claimed many lives and had fomented the armed conflict in the region providing the militant groups with funds to purchase weapons, and had increased instability in the oil prices on world energy markets as well as pose a threat not only to the Nigerian state and the oil-bearing region but also to the international community as well.
- (k) The problem of oil theft and pipeline vandalization is not a global phenomenon but a largely Nigerian development as no other major oil-producing country loses as much revenue from illicit oil bunkerers and vandals as Nigeria.
- (l) In spite of recommendations and suggestions and attempts to tackle the problem or to end it, the phenomenon continues to flourish because of its profitability and the complicity of many highly placed persons and their cohorts and collaborators in government, oil bearing communities, oil companies and international syndicates.
- (m) To stem the crime would require largely Nigerian effort since the problem is largely an exclusive Nigerian development. However, concerted, coordinated and

sustained proactive action by Nigeria, major oil consuming countries of the world, international institutions, oil-bearing communities and other domestic and international stakeholders have the potential to holistically address the problem.

Inspite of the rather bleak picture, all is not lost. On November 2, 2011, Tony Attah, the Vice President HSE and Corporate Affairs, Shell Sub-Saharan Africa called **“for concerted efforts to help stop this criminal activity”** with its adverse and negative consequences. The same line was pursued by the Managing Director of the Shell Petroleum Development Company, Mr. Mutiu Sunmonu, on February 6, 2012, when he opined:

We have increased surveillance of the route, so we can detect theft and respond early to spills, but what is urgently needed is robust intervention at federal, state and local government levels. We need increased patrols of creeks and waterways, removal of illegal offtake points and dismantling of illegal refineries. The best we can do is to continue to play a strong advocacy for change, a strong advocacy for enforcement of the rule of law, a strong advocacy to make sure that the government security agencies, who are protecting these strategic national assets, are effective (Shell Chief, 2012:11).

Some of the best suggestions on the possible panacea to the problem have been offered by Asuni. We can summarize these as involving the following imperatives:

- (1) Crude oil theft poses an immense challenge to the Nigerian State, harming its economy and fueling a long-running insurgency in the Niger Delta. It also undermines security in the Gulf of Guinea and adds to instability on the world energy markets;
- (2) It is time for the international community to become proactive in helping Nigeria address this complex issue. Efforts to control crude oil theft must be accompanied by actions against corruption, illegal arms importation and money laundering.
- (3) The complexity of players in the illegal oil bunkering business, including local youth, members of the Nigerian military and political class, and foreign ship owners, makes it difficult to tackle the problem unilaterally;
- (4) Previous attempts by the Nigerian government and international community to address crude oil theft have had limited success in reducing the flow of illegal crude oil;
- (5) Crude oil theft business involves players far beyond the shores of Nigeria and will require an international effort to control it;
- (6) The problem of crude oil theft needs to be addressed multilaterally. Within the international community, the

United States is uniquely positioned to take a leadership role in helping to dry up illegal crude oil and address other issues of underdevelopment and over-militarization of the Niger Delta, as well as the region's lack of participation in the oil and gas industry, must be addressed before any lasting peace can be found. Indeed, she succinctly concluded:

Insecurity in the Niger Delta is therefore not a problem for the Nigerian government; it is also a problem for the United States and the wider world. At the moment, Nigeria's oil industry is producing well under capacity. Nigeria's maximum producing capacity is about 3.2 million barrels per day; however, current production is often half of that, even without OPEC quota limitations. Much of the country's production is disrupted or shut-in — the oil stays in the ground because of security threats to oil facilities and their staff. Of the oil that is produced, a significant proportion is lost through pipeline vandalism, acts of sabotage, and theft. A well-known energy security analyst, David Goldwyn, told the Senate Foreign Relations Committee's Subcommittee on African Affairs in September 2008 that if Nigeria was to produce oil at capacity, it would play a major role in helping to lower and stabilize world oil prices (Asuni, 2009:2-3).

A final word: There is no gainsaying the fact that oil theft and pipeline vandalization in Nigeria needs to be tackled urgently and with determination to root it out completely. Government, oil companies, the public and the various international, community and other stakeholders must deal effectively and decisively with the problem and its attendant consequences, predisposing and militating factors to stem and curb the nefarious activity.

The fight against the crime will need to be creative, innovative, vigorous, proactive and sustained at all levels to bring an end to the evil. As some informed commentators rightly observed:

An assault on illegal oil bunkering will need the serious and coordinated leadership of the Federal Government with the active participation of the state governments, the oil industry and the communities if a sustained reduction in the level of oil theft is to be achieved. Coordination will require all stakeholders to agree to the best strategies and tactics for achieving zero oil theft and the conditions under which the strategies can attain a successful outcome. (Davis, Kemedi, Drennan, 2003:31).

It is even apposite to state that if crude oil thievery and vandalization of pipelines are reduced Nigeria would produce and sell at its full capacity, the economy would be in much better shape, the country would be able to add about 10% to its production if the 55 million barrels of oil valued at about \$1 per year would be sold legally: Indeed, prices of oil around the area would not be as high, and the additional one-third would

make contribution to the nation's productivity and GDP. In sum, the government would be able to raise taxes and have funds to increase overall social welfare, national security, human security and development.

Perhaps, the last conclusive word of advice on this matter should be best reserved for the Federal Government of Nigeria to reflect, ponder and dwell on and act upon. Commenting on the pervasive and almost exclusive Nigerian proclivity to be involved and engaged in the criminal phenomenon, the American Ambassador said with some candour:

Nigerian officials repeatedly request U.S. assistance to prevent bunkering. The reality, however, is that most oil bunkering is not a global phenomenon readily susceptible to international deterrence, but a largely Nigerian development that requires domestic resolution. No other, major oil-producing country, to our knowledge, loses as much revenue from illicit oil bunkering as Nigeria, largely because the political elite, militants, and communities profit from such operations. Tackling this problem will require resolute political will from many sectors of Nigerian society. (Fundamentals, 2009:43).

Shouldn't we all learn a lesson from this and change?

APPENDIX 1

THEFT KNOCKS NIGERIA'S OIL OUTPUT TO FOUR-YEAR LOW

Nigeria is suffering the worst wave of oil production disruptions in four years, with output falling to levels last seen before the government's amnesty programme ended militancy in the Niger Delta, the Financial Times reported on Tuesday.

Industrial scale oil theft, sabotage and technical problems, according to the report, have caused crude output to drop to less than 1.9 million barrels a day this summer, the lowest since mid-2009, when production briefly dipped to a 20-year low of 1.5 million bpd.

Any further fall will allow Angola to assume Nigeria's position as the continent's largest crude producer, the report stated.

"Output has been less than two million barrels a day for several months," said Rolake Akinkugbe, Head of Energy Research, Ecobank.

"It's a reflection of the headwinds facing oil companies in Nigeria," she added.

The country's production difficulties have helped push global crude prices above \$110 a barrel. They have also damaged the financial outlook in Africa's second-biggest

economy, where oil and gas account for nearly 80 per cent of fiscal revenues.

The country had budgeted for oil sales of 2.5 million bpd in 2013, which, combined with the high petroleum prices, should have allowed for substantial savings in the Excess Crude Account, the government's rainy-day fund. But instead of increasing, the fund has been run down from \$9bn in December to \$5.1bn in July.

The Head, Africa Research, Standard Chartered Bank, Mrs. Razia Khan, said falling oil revenues should be a worry for the government, especially with a presidential election scheduled for early 2015.

The Financial Times reported that previous polls had been preceded by a sharp increase in spending and leakages in revenue collection as politicians tried to buy their way to power.

"Nigeria still has a comfortable current account surplus, but it is declining, as is the Excess Crude Account. Unless we see a turnaround in oil revenues, investors are going to start to get concerned," Khan said.

Nigeria drastically reduced the number of oil worker kidnappings and pipeline bomb attacks in 2009 by persuading more than 26,000 militants to disarm in exchange for monthly cash payments, which are ongoing. While the violence has not returned, the theft of oil has grown into a vast and lucrative enterprise involving well-connected officials and security personnel.

More than 150,000 barrels of oil are reportedly stolen every day, with some feeding illegal refineries in the Niger Delta and the bulk shipped to destinations as far away as Asia.

Source: Steveogbonmwan@aol.com: August 28, 2013

APPENDIX 2

OIL THEFT: WE ARE ONLY TAKING WHAT BELONGS TO US - BOYLOAF

Mr. Ebikabowei Victor Ben, alias ‘General Boyloaf’, one of the ex-militant leaders in the Niger Delta, has said that oil theft in the Niger Delta will not stop until the Federal Government takes appropriate steps to compensate the natives of the region. Boyloaf, who is one of the Niger Delta ex-agitators, who brokered the amnesty deal with the late President Umaru YarÁdua, said in Abuja that oil theft had soared in the region because the owners of the land where the oil facilities crisscross did not feel any sense of belonging after many decades of oil production.

Boyloaf also said that those who are making use of crude oil found in their back yards should not be referred to as ‘oil thieves’ as they were only making use of their God-given resources.

“I hate to hear the word ‘oil thieves or oil theft’ because the people you want to label as thieves are simply trying to make use of their God-given resources. In other words what they are doing is the legitimate ‘resource control’ that we have been talking about.

“The truth of the matter is that the Niger Delta people are simply controlling their resources and not stealing any oil,” Boyloaf said.

Boyloaf said the ongoing problem in the Niger Delta was as a result of the negation of the original terms of the amnesty deal, which they entered into with the Federal Government in June 2009.

He regretted that what was being implemented by the government under the guise of amnesty fell short of the character and spirit of what they signed with the Yar'Adua government, adding that Nigerians should ask the government why certain components of the deal were not implemented till date.

While accusing politicians, who were not part of the amnesty, of hijacking the programme, Boyloaf alleged that the key components of the programme like the offer of lifeline and rehabilitation of former agitators had been abandoned by the Federal Government.

"We were abandoned and turned into beggars once we accepted amnesty. Today, what you have in the name of amnesty is not what we signed with Yar'Adua.

He said that the stoppage of the oil pipeline protection contracts, which were awarded to former agitators, was one of the factors responsible for the rise of oil bunkering in the Niger Delta.

According to him, the stoppage of the oil protection jobs has forced the natives to resort to other jobs in a bid to survive and warned that the next phase of the Niger Delta crisis may be worse than the previous one if the government fails to implement the terms of the amnesty to the letter.

Boyloaf, who also accused security agencies of aiding and abetting oil theft, challenged them to show why the big names that are behind the illicit trade have never been exposed and brought to justice.

According to him, it is only the few local players, who are unwilling to play along with the security agencies that are often

arrested and paraded as oil thieves, while those who comply with the conditions imposed by the security agencies are often freed.

He said,” Nigerians must be made to know clearly that over 75 percent of the oil said to be stolen in the Niger Delta belongs to the security agencies and they must be held responsible for the rising theft.

“If the government is serious about the issue of oil theft, it must revisit the surveillance contract and empower communities and stakeholders to take up the responsibility of protecting the pipelines, which run through their back yards.”

The self styled General Boyloaf, real name Ebikabowei Victor Ben, one of the ex-militant commanders in the western Niger Delta axis gave a whopping 10,000 (ten thousand names as the active combatants under him. For this number he is paid N650, 000,000 million naira monthly. The said militant king pin, according to some fellow commanders, never had more than 1000 people under arms.

Source: <http://elombah.com/index.php/reports/17592-oil-theft-we-are-only-taking-what-belongs-to-us-boyloaf>: September 7, 2013.

APPENDIX 3

HOW CRUDE CASH IS LAUNDERED, BY CHATHAM

Criminal networks stole at least 100,000 barrels of oil a day in the first quarter of 2013 and sold it to buyers in West Africa, Europe, Asia and the Americas, a new Chatham House report estimates.

The large-scale theft of crude and related pipeline sabotage reduced output to below 2m barrels a day this summer, a four-year low. It also helped drive up the global oil price and cut the Federal Government's revenues, nearly 80 per cent of which come from petroleum.

The Chatham House report, published yesterday, is the first independent study to examine in detail the murky and complex trade in stolen oil, worth between \$3bn and \$8bn a year. The report, *Criminal Crude*, says that politicians, military officers, local communities, criminal groups and oil workers and traders are all profiting from the so-called "bunkering", which started in the late 1970s, but has mushroomed in recent years because of lax oversight and high prices.

"Nigerian crude oil is being stolen on an industrial scale," the report said. "Proceeds are laundered through world financial centres and used to buy assets in and outside Nigeria."

To access the oil, thieves tap into pipelines and other infrastructure in the Niger delta. Some of the crude is refined locally using basic technology. But the bulk is transferred to

barges via hoses up to 2km long. The barges then navigate the creeks and estuaries, before transferring the cargo to small tankers that are anchored offshore and hold up to 62,000 barrels of oil. Once full, the tankers offload at night in deeper waters to larger “mother ships”, which may be partially loaded with legally purchased petroleum.

International oil companies operating in Nigeria, including Shell and Eni, have complained repeatedly in recent years about the growing and brazen nature of oil theft. Damage to pipelines by thieves causes spillages and can prevent the pumping of crude. The oil companies are also responsible for some leaks, because of poor maintenance programmes.

Two of the delta’s main pipelines, Trans-Niger and Nembe Creek, have been shut for months this year for repairs following sabotage by bunkerers. Ngozi Okonjo-Iweala, finance minister, has said the total loss to Nigeria, both from stolen oil and production outages, has been as high as 400,000 b/d.

The government has been criticised for not doing enough to tackle the problem. Though the security forces have confiscated thousands of small boats and made numerous arrests, no senior figures in the illegal trade have been prosecuted. Corruption and lack of transparency in Nigeria’s petroleum industry makes it hard to quantify the stolen crude. Chatham House said the 100,000 b/d is the best estimate, but that this excludes oil that may go missing at export points.

“This ‘white collar’ branch of oil theft allegedly involves pumping illegally obtained oil on to tankers already loading at export terminals, or siphoning crude from terminal storage tanks on to trucks,” the report said.

Much of the stolen oil is exported to foreign refineries or storage facilities. The report said that sources “tentatively pointed” to buyers in West Africa, the US, Brazil, China,

Singapore, Thailand, Indonesia and the Balkans. The proceeds appear to be laundered through banks and other channels in various African countries, Dubai, Indonesia, India, Singapore, the US, the UK, and Switzerland. The report recommended further investigation of the possible role of commodity traders in oil theft, as well as the involvement of former militants who were granted amnesty in 2009. Foreign governments should also do more to follow the cash trail, and pursue money laundering cases and asset forfeitures abroad, said Christina Katsouris, co-author of the report.

“But it’s more difficult to do this without initial tip-offs from Nigeria,” she said. “It would be ideal if there was buy-in from Nigeria to start with.”

The illicit oil is around 5 per cent of total output in the first quarter of 2013.

Chatham House noted that stolen crude and the profits from it are laundered around the world, threatening the integrity of financial markets and the legitimate oil business.

Worried by the development, the Federal Government last June urged the United Kingdom and other countries to help Nigeria curtail the growing incidence of crude oil theft in the country by rejecting stolen Nigerian crude destined for their refineries.

Speaking at the Chatham House on ‘Nigerian Defence Priorities: Domestic Stability for Regional Security’, former Minister of State for Defence, Erelu Olusola Obada likened Nigerian stolen crude to the Liberian and Sierra Leonean blood diamond, and demanded the confiscation of assets and property of foreign vessel owners and businessmen involved in such illicit transactions.

In a press statement by its press office, Chatham House said despite the threat “no oil thieves have been prosecuted

internationally, and knowledge of the illegal business and its practitioners remains poor, says Nigeria's Criminal Crude: International Options to Combat the Export of Stolen Oil."

"Criminal Crude - the first independent, in-depth report on the international dimensions of Nigerian oil theft - explores the problem in the context of legal trading markets and Nigeria's own oil sector and political culture.

"The report describes oil theft as a species of organized crime that is almost totally off the international community's radar.

"Nigeria cannot resolve the problem alone, but it needs to take the initiative to develop an achievable strategy with its foreign government partners. Even then, much more intelligence is needed to connect the very complex issues and range of actors involved.

"Foreign governments may want to say this is not their problem," says co-author Aaron Sayne, "But without better knowledge of how oil theft affects security and strategically important markets, not every government can say so with confidence."

"Criminal Crude offers a four-point framework for states seeking to take first steps against Nigerian oil theft.

"First, Nigeria and its foreign government partners should prioritize the gathering, analysis and sharing of intelligence on oil theft. The report offers preliminary conclusions about how much oil is stolen, how the oil and money move globally and the links between oil theft and insecurity. It highlights knowledge gaps and points out specific priorities for investigators overseas.

"Second, Nigeria should consider taking other steps to build the confidence of foreign government partners. Interviews for Criminal Crude found officials in other countries

willing to act on oil theft, but only if Nigeria takes some serious steps first.

“Third, other states should begin cleaning up parts of the trade they know are taking place within their borders. This could involve tracking ships by satellite; investigating possible links between crude theft, drug smuggling or terrorism; following international money trails; or targeting known thieves through “smart sanctions.”

“Fourth, Nigeria should articulate its own multi-point, multi-partner strategy for addressing oil theft. Most international initiatives would require Nigerian cooperation to succeed, and the stolen oil trade is a Nigerian problem first.

“The government is likely to have the best intelligence on how the business works.

“The analysis in the report finds that there are no easy answers: tackling this form of transnational organised crime is about making smart choices with tools that work, in a high risk environment where political will easily waivers. Criminal Crude provides a solid basis for greater international engagement on the trade in stolen Nigerian oil.

“A key issue is how much other stakeholders such as international oil companies, oil traders and shippers would be willing to contribute at the risk of undermining their relationships, reputations and capacity to operate in Nigeria,” says Christina Katsouris, co-author.”

Source: London-Based Research Think- TANK, Chatham House Report, September 19, 2013; see also *The Nation*. September 20, 2013:2-3.

APPENDIX 4

DEALING WITH OIL THEFT

The recent claim by the Minister of Petroleum Resources, Diezani Alison-Madueke, that oil theft in Nigeria is supported by international syndicates in what appears to be another form of terrorism against the country has added a new dimension to the unrelenting stealing of the nation's oil resources. By her estimates, Nigeria loses about ₦400 billion to oil thieves in the Niger Delta area annually.

The minister, at an event in London, submitted that the evil being perpetrated in Nigeria's oil sector is highly technical, international-level crime, aided and abetted by syndicates outside Africa who are the patrons and merchant-partners of oil thieves.

The minister's estimation of Nigeria's loss to oil theft appears even conservative. It came on the heels of claims by the Co-ordinating Minister for the Economy and Minister of Finance, Dr. Ngozi Okonjo-Iweala, that Nigeria loses about 400,000 barrels of crude per day which amounts to ₦6 billion or \$1.2 billion per month, representing about 17 percent of Nigeria's daily production. The Minister of State for Finance, Dr. Yerima Ngama, said the amount earned in July was ₦365.04 billion lower than the budgeted income of ₦863.026 billion in the month of June. The Petroleum and Natural Gas

Senior Staff Association of Nigeria (PENGASSAN), on its part, says the country loses over ₦1 trillion annually to oil theft, while a recent audit report by the Nigeria Extractive Industry Transparency Initiative (NEITI) says Nigeria lost a whopping ₦17.62 trillion to oil thieves between 2009 and 2011. This represents 7.7 percent of total revenue projected by the Federal Government within the two-year period in review.

From the Nigerian National Petroleum Corporation (NNPC), the information is that about \$2.23 billion (₦191 billion) revenue that should have accrued to the Federal Government from oil proceeds was lost to the activities of crude oil thieves in the first quarter of 2013, while an estimated \$6 billion is lost annually.

According to a report released two months ago by Chatham House, a UK-based policy think-tank, oil theft in Nigeria has moved to an industrial scale. In the report, Chatham House said the country lost at least 100,000 barrels of oil per day, which is about five per cent of Nigeria's total output in the first quarter of 2013, to theft from its onshore and swamp operations alone.

This massive oil theft is already affecting the Federal Government's finances, with government reportedly forced to withdraw from the Excess Crude Account (ECA) to make up for the shortfalls in monthly revenue allocations to the three tiers of government for October.

This unbridled stealing of the nation's crude oil has gone on for too long. It is not enough for government officials that should tackle the problem to continue wringing their hands in frustration and throwing around figures on how much we are losing, or lost, within a certain period. Oil is the mainstay of Nigeria's economy. It is time we moved from lamentation to action. We cannot continue to brandish figures in the face of

this monstrous challenge. The government needs to wake up and do whatever is necessary to stop the stealing.

Every time an agency of government comes out to tell the nation how much is being lost to oil theft, this administration admits that it knows the problem but just does not know what to do about it. And, a government admitting that it cannot protect national resources is admitting it is not worthy of the powers of state at its disposal. That is shameful and disheartening.

What is worse, the different figures released by these agencies do not always add up. It seems as if we do not even know how much oil is produced in the country. If we do not know with utmost certainty how many barrels of crude oil we produce daily or annually, how can we know how many of these barrels are stolen? If we do not know how many barrels are stolen, how can we believe the figures being thrown around? Yet, this is the nation's major source of livelihood. Do these statistics not suggest that the government is being economical with the truth on this matter?

Certainly, oil thieves are not ghosts. We also know for a fact that the full powers of the nation's armed forces are at the disposal of the Federal Government to deploy and destroy this menace. Why the government is allowing this cancer to steadily eat up Nigeria's finances is incomprehensible. The devastating effects of the problem on our economy are staring us in the face. For our largely mono-product nation, trifling with this monster can only destroy our economy. This is a prospect that is terrifying, but the situation can be remedied. The time is now.

The Federal Government must pull out all the stops and fight oil thieves. We have had enough of the depressing figures and statistics. We need a new dawn in the fight against this

menace that is threatening our economic security. This steady decline in crude oil income must be halted. Continuous expression of helplessness is an admission of failure by the government. It is totally unacceptable.

Source: Daily Sun (2013:19). December 5.

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ABOUT THE BOOK

Oil Thefts and Pipeline Vandalization in Nigeria focuses on leakages in oil revenue through thefts and vandalisation which has now become a national shame and embarrassment.

The book presents a scholarly evaluation of the evolution, etiology, causes, nature, extent, characteristics, legal aspects, trends rationale and modus operandi of the phenomena in the country.

Written in a very serious but lucid style, the book contains very substantial information deployed to enhance readers' understanding of the challenges associated with and solutions to oil thefts and pipeline vandalization in Nigeria.

This great archival material is a substantial academic contribution to our knowledge on the subject matter for further research by social scientists and scholars, legal practitioners, law enforcement professionals, criminal justicians, corporate officials and other interest groups and stakeholders.

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